Province of
Saskatchewan
The Hon. J. Gary Lane, Q.C.
Minister of Finance
Budget
Address
Highlights
March, 1988

Honourable J. Gary Lane, Q.C.
Minister of Finance

Meeting the Challenge – Protection and Prosperity

"We believe in Saskatchewan's future. We are convinced that the fiscal and economic blueprint that we have put in place provides us with a solid foundation to get on with the job of building for the future."

The Government is reaffirming its commitment:

- To protect essential health, education and family services.

  "I am proud to announce that 82 per cent, or $104 million, of [the] program spending increase is committed to health and education. Of the remaining $23 million, $10 million is directly attributable to increases for three important family programs; the Saskatchewan Pension Plan, the Saskatchewan Income Plan and the Mortgage Protection Plan."

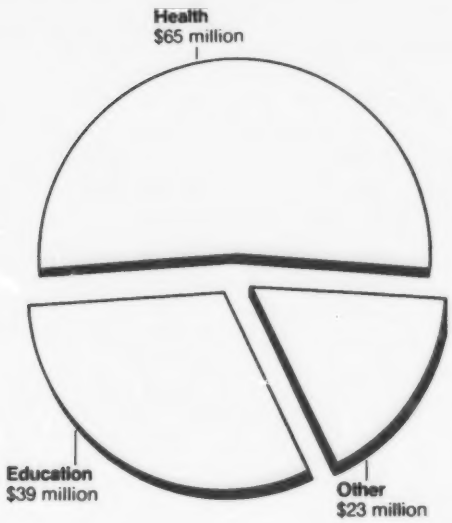
- To develop and diversify the economy.

  "We must diversify the Saskatchewan economy by building on our natural advantages to provide new economic opportunities and to protect ourselves against global uncertainties. This will create new jobs and ensure a higher standard of living for the people of this Province."

- To improve the efficiency and effectiveness of government.

  ". . . we are continuing to improve the management of expenditures under our direct control by reallocating funds from less critical areas to higher priority areas . . . . This has required us to make choices, Mr. Speaker, but making choices is what government is all about".

Increase in Program Spending: 1988–89

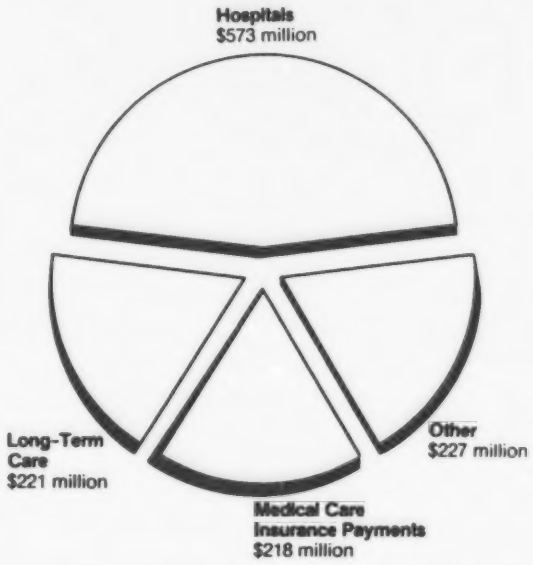


Total Increase: $127 million

Health

- Health spending of $1.2 billion this year, a 5.6% increase. In addition, $63 million will be spent on health capital in 1988–89.
- A 68% increase in health expenditures in the last six years.
- A 6.2% increase in grants for hospitals, including funding for new beds.
- Major expansions at University Hospital, St. Paul's, Regina General Hospital, Wascana Rehabilitation Centre and a new children's wing at Pasqua Hospital.
- A 16% increase in funding to combat alcohol and drug abuse.
- Increased funding for Home Care services in those areas with a high proportion of senior or disabled people.
- Increased funding for mental health services.
- A new public education campaign on healthy lifestyles.
- $400,000 for an ongoing AIDS public information campaign.
- Establishment of a Saskatchewan Health Care Task Force to ensure that our health care system can adapt to people's changing needs.

Health Expenditures: 1988–89

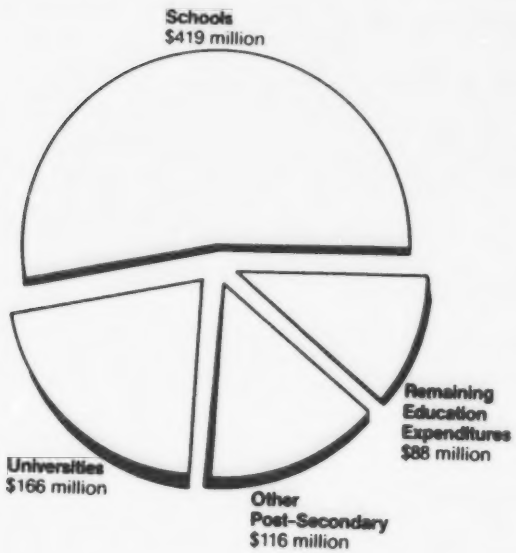


Total Expenditures: $1,239 million

Education

- Education spending will total $789 million this year, a 5.2% increase.
- An increase of 48% in education expenditures in the last six years.
- A $7 million increase in school operating grants, and a $2.8 million increase in university operating assistance.
- $14.5 million for the Education Development Fund.
- $31 million in capital assistance for the renovation and construction of new schools.
- Implementation of a new core curriculum in elementary and secondary schools beginning in the fall of 1988.
- $1.0 million for teacher in-service training related to implementation of the new core curriculum.
- Increased funding for special education programs to ensure that the benefits of the core curriculum are shared equally by all students.
- $25 million for university capital projects.

Education Expenditures: 1988-89



Total Expenditures: $789 million

- $67 million for the Saskatchewan Institute of Applied Science and Technology.
- New funding to develop programs for disabled students.
- $3.2 million for the Education Outreach Fund to combat adult illiteracy and to expand the number of university and institute courses offered in smaller centres.
- Development of a standardized first and second year university Arts and Science program to be delivered using distance education technologies.
- Over 12,300 students to receive $24 million in subsidies in 1988-89.

Families

- Continued protection for families through:
  - an additional $4 million for the Mortgage Protection Plan;
  - $47 million for the continued exemption from sales tax for clothing and footwear;
  - $20 million for the Saskatchewan Pension Plan; and,
  - $14 million for day care services.
- Continued support for seniors through:
  - $40 million for the Senior Citizens' Heritage Grant Program;
  - a $200 income tax reduction; and,
  - a $15 increase in monthly Saskatchewan Income Plan benefits.
- A new safe shelter in Swift Current for victims of family violence.
- Increased payments and a new training program for foster parents.
- A new "Families Matter" program to promote positive parenting.
- An ongoing commitment to strengthen families through welfare reform which will provide 6,000 welfare recipients with employment and training opportunities.

Agriculture

- A commitment to continue to press for the elimination of predatory pricing and subsidized over-production of agricultural products.

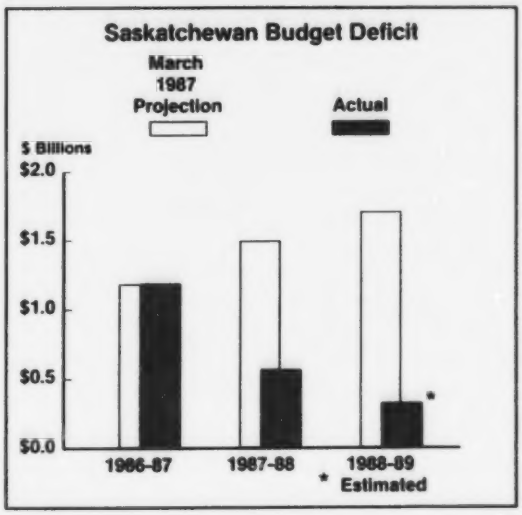
- Enhanced support for agricultural diversification through:
  - — $15 million in 1988 for irrigation-based economic development; and,
  - — a new lending program for farm partnerships and corporations to establish or expand livestock operations.
- Active negotiation with the federal government to create a world class centre of excellence for agricultural research and technology at the University of Saskatchewan.
- A commitment to work with the federal government on soil conservation issues.
- Continued support for family farms through:
  - — extension of the Counselling and Assistance for Farmers Program and the Farmland Security Board;
  - — an extended repayment option for the Production Loan Program; and,
  - — maintenance of the Farmers' Oil Royalty Rebate Program.
- $30 million for the Agriculture Development Fund.

Economic Diversification

- A new five-year, 50 million seedling reforestation program to ensure the long-term development of our forest industry.
- A new three-year, $30 million highway resurfacing program.
- A new five-year, $23 million Heavy Oil Research and Development program to be funded in conjunction with the federal Western Diversification Fund.
- Total provincial capital expenditures of almost $1 billion in 1988-89, expected to create 9,000 jobs.
- A new "Hire Saskatchewan" initiative to enhance private sector job opportunities for Saskatchewan residents.
- Reduced uncertainty and new opportunities for our export industries through our commitment to the Canada-United States Free Trade Agreement.
- $400,000 for the establishment of Rural Development Corporations.
- $1 million to strengthen Saskatchewan's trade development efforts.
- Assistance for small businesses to undertake feasibility studies leading to public share issues.

Effective Government Management

- 82 per cent of program spending increases dedicated to health and education.
- Provincial deficit of $328 million for 1988-89, a decrease of $240 million or 42% from last year.



- Capital financing requirements reduced by $354 million, or 23%.
- Reduced expenditures for 11 government departments and agencies.
- Re-allocating funds from less critical areas to higher priority areas such as welfare reform, seniors programs and the environment.
- Continuation of the process of Welfare Reform and re-investment of savings to provide training, skills upgrading and employment opportunities for welfare recipients.
- A commitment to increased use of private sector delivery mechanisms.

- Increased spending of $104 million in health and education to be funded, in part, by:
  - a Corporate Capital Tax surcharge on large resource corporations;
  - an increase in the Tobacco Tax of 1¢ per cigarette; and,
  - an increase in the Flat Tax on Net Income from 1.5% to 2.0%.

Tax Reform

- A paper entitled, "A Dialogue on Saskatchewan Income Tax Reform" tabled with the Budget.
- Alternatives for improving the personal income tax system, including enhanced support for the family, are presented.
- The competitiveness of our corporate tax structure will be enhanced by:
  - a decrease from 17% to 15% in the general corporate income tax rate, effective January 1, 1989;
  - the extension of the Corporation Capital Tax to federal commercial Crown corporations, effective July 1, 1988; and,
  - extension of the two-year small business tax holiday until March 31, 1990.
- A commitment to set aside $10 million in 1989 to work with local governments to address the concerns of small businesses regarding the local business tax.

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Province of
Saskatchewan

The Hon. J. Gary Lane, Q.C.
Minister of Finance

Budget Address

March, 1988

88-03517/

Budget Address
March 31, 1988

Honourable J. Gary Lane, Q.C.
Minister of Finance

Mr. Speaker:

I rise today to present the second Budget of this Progressive Conservative administration.

In last year's Budget Address, I indicated that this Government was determined to take up the challenges and opportunities presented by a world economy in transition. I indicated that we believed Saskatchewan could grow and prosper in this new global environment if we utilized the innovative spirit and vision of the people of Saskatchewan. And I indicated that we would work cooperatively with individuals and communities to adapt our society to this new environment.

We believe in Saskatchewan's future. We are convinced that the fiscal and economic blueprint that we have put in place provides us with a solid foundation to get on with the job of building for the future. Accordingly, this Budget reflects our Government's determination to stay the course established last year. We are reaffirming our commitment:

- to protect and support health care, education, family services and the family farm;
- to diversify and develop the economy; and,
- to improve the efficiency and effectiveness of government.

The World Economy in Transition

Mr. Speaker, these are uncertain economic times as demonstrated by both the October 19, 1987 stock market decline and continued oil price instability. In this difficult environment, it is not surprising that there are strong disagreements among economists and business analysts as to the future direction and health of the world economy.

Many experts are convinced that the world economy is at serious risk. For example, the Conference Board of Canada has warned that, *"... the world economy is being drawn closer to the edge of a global recession"*. There are, however, many analysts who suggest that the international economy, and the Canadian economy in particular, will grow at a healthy pace. A major Canadian bank recently stated that, *"The Canadian and international outlook remains constructive. We anticipate a sixth year of uninterrupted expansion and generally high levels of economic activity."*

These conflicting economic forecasts underscore the present state of uncertainty in world markets. In the face of such uncertainty, the C.D. Howe Institute cautions, *"... that the economic environment for policymaking will continue to be volatile in 1988"*.

In shaping our economic future in this difficult

environment, we must recognize that there are important lessons to be learned and applied.

- First, it is no longer possible for any nation to achieve sustained growth and prosperity by isolating itself from economic events beyond its borders. Canadians cannot afford inward-looking policies. We must look outward to the world and develop policies that are responsive to the changing global economy.

- Second, worldwide prosperity depends on the growth of trade. Between 1950 and 1973, there was a steady expansion of world trade. This led to a substantial rise in living standards for the major Western economies, including Canada. Since that time, trade barriers have been erected with increasing frequency. This has slowed the growth in the volume of trade, resulting in a reduced rate of growth in living standards in these countries. Opposing freer trade is, therefore, a self-defeating and backwards step as it would deny us the economic growth required to finance better health and education services.

- Third, the use of protectionist measures leads to inefficiency and lower productivity by artificially propping up otherwise uncompetitive industries. As we in Western Canada know, consumers are required to pay higher prices for the products of these industries. As well, protectionism invites ever-intensifying cycles of retaliation. For example, American, European and Japanese government subsidies to farmers have now grown to over $80 billion annually. Mr. Speaker, protectionism obstructs healthy competition and economic development.

Saskatchewan's Response

The Premier has represented Saskatchewan's interests in many national and international forums. He has repeatedly demonstrated through his actions that we can shape our future. He has demonstrated that Saskatchewan can make a difference on the world stage. Mr. Speaker, Saskatchewan must continue to ensure its future prosperity by realistically addressing the global forces that are now affecting our economy. It is up to us to develop a set of practical initiatives that will provide us with the flexibility to deal with changes in the international marketplace and to ensure the building of a more diversified Saskatchewan economy.

This is why we fully support the Canada-United States Free Trade Agreement. The Agreement will strengthen Canada's position in the world economy by offering us new economic opportunities. It reduces the threat of protectionist measures from our largest trading partner by establishing a set of fair and predictable trading rules. In addition, the Agreement will expand our common economic interests. This will place us in a stronger bargaining position relative to other trading regions as we continue to negotiate the elimination of world trade barriers.

Our future prosperity also depends on our actions here in Saskatchewan. We must diversify the Saskatchewan economy by building on our natural advantages to provide new economic opportunities and to protect ourselves against global uncertainties. This will create new jobs and ensure a higher standard of living for the people of this Province.

But economic development is more than the formation of capital. It is also the creation of knowledge and the development of a skilled and educated work force. This is one reason why we have made education a priority.

Mr. Speaker, we believe that the Free Trade Agreement and the diversification of the Saskatchewan economy are the most realistic approaches to deal with the changes occurring in the world economy. This practical strategy provides us with the means to control our future in uncertain economic times.

This afternoon I will be announcing new initiatives to strengthen the Saskatchewan economy, to position it to take advantage of the Free Trade Agreement and to capture economic opportunities in the international marketplace.

Effective Government Management

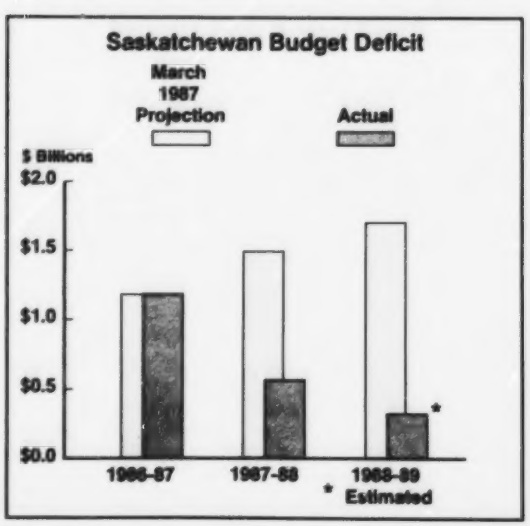
In last year's Budget Address, I reviewed some of the measures that this Government has taken to provide the people of Saskatchewan with a more efficient and productive government. These measures included:

- the relocation of government offices to Moose Jaw, Melville, Swift Current and Saskatoon;
- the strengthening and upgrading of regional offices;
- the establishment of the Property Management Corporation; and,
- the increased use of the private sector.

These innovative measures have eliminated much government waste and they have improved the quality of service by bringing government closer to the people.

We are pursuing further opportunities in these areas.

In March of last year, I presented, in my Economic and Financial Report, a four-year plan to significantly reduce the deficit. I indicated that if no action were taken, the deficit for 1987-88 would be $1.5 billion. The financial plan called for this deficit to be cut in half in 1987-88, and halved again in 1988-89.



We have achieved our first objective. The deficit for 1987-88 will be $568 million. This is substantially less than the target we set in the Economic and Financial Report.

Mr. Speaker, reaching our fiscal target for 1988-89 will require further efficiency measures within government, responsible wage agreements and a continuing commitment by third parties to spend monies wisely. For our part, we are continuing to improve the management of expenditures under our direct control by reallocating funds from less critical areas to higher priority areas. Through consultations with individuals and families, interest groups and communities across this Province, we have identified clear priorities and we have addressed these priorities. This has required us to make choices, Mr. Speaker, but making choices is what government is all about.

We have made the choice to reallocate social assistance funds to support our Welfare Reform employment and training programs. We will continue to redirect funds in this manner. We will continue to reassign staff from processing welfare payments to delivering the programs that enable our welfare clients to become more productive and independent. The success of our Welfare Reform initiatives has allowed us to focus on other priorities. **In this Budget, we have made the choice to redirect savings from the reduction of welfare fraud and abuse to the areas of foster care and family support.**

This Government has also listened and responded to changing community standards with respect to the care of the mentally handicapped. We are moving away from institutional care. For example, most North Park Centre residents are now living in group homes and private homes. In addition to being progressive social policy, this decision frees up funds for new community initiatives for other handicapped individuals. Accordingly, I am pleased to announce that we have made the choice to fund two new group homes in 1988-89 for autistic people.

Last year, we amalgamated several agencies into the Department of Human Resources, Labour and Employment, thereby significantly improving the coordination and effectiveness of

these agencies. We subsequently created an Employment Opportunities Branch through the realignment of existing resources in the Department. **The Branch will focus on increasing job opportunities in the private sector for Saskatchewan residents through a new "Hire Saskatchewan" initiative.**

We have also amalgamated the administration of the Seniors' Bureau, the Seniors' Heritage Grant and the Saskatchewan Income Plan into a new, more effective Seniors' Directorate. By making the choice to place these programs within one agency, we have been able to achieve savings while improving the delivery of our seniors' programs.

Mr. Speaker, protecting the environment is an important priority for this Government. Last year, we made the choice to phase out our participation in a metal recycling program. This program is now operated by the private sector. This year, by re-assigning the monies saved:

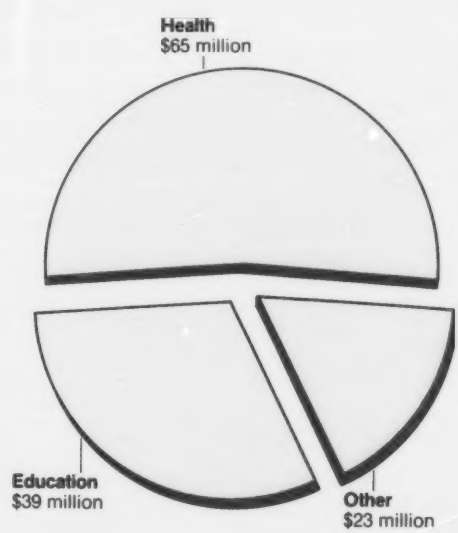
- **we will initiate, with the City of Regina and other interested parties, a three-year program to obtain and interpret information on ground water quality and to monitor possible sources of contamination;**
- **we will allocate funds to address the recommendations of the National Task Force on the Environment and Economy; and,**
- **we will establish a new program to develop alternatives to deal with a number of abandoned mines in high population areas.**

I am also pleased to announce that we will establish **a new Oil and Gas Environmental Fund.** In the past, insufficient revenues were collected from individual companies for the cost of cleaning up abandoned oil and gas well sites. The new Fund will ensure that these sites are cleaned up and that the cost is paid by the industry.

Mr. Speaker, this Government is committed to the conservation and development of our forest resources. Under the previous Government, insufficient funding had been allocated to forest renewal. We have increased funding to reforestation programs to cover their omissions. **I am pleased to announce funding for a new five-year, 50 million seedling reforestation program.** For 1988-89, we have made the choice to pay for this new program through a portion of the revenues earned from the Softwood Lumber Export Tax. This year, we will spend a total of $8.5 million on forestry initiatives, including the planting of ten million seedlings.

As these examples demonstrate, we have listened to the people of Saskatchewan in developing this Budget. Mr. Speaker, we have learned that they want to continue with the process of Welfare Reform; that they want our seniors to have easier access to the programs they require and deserve; and, that they want Saskatchewan's environment and forests to be protected. In this Budget, we have made the choice to address these and other concerns while remaining equally vigilant in our management of the public purse.

Increase in Program Spending: 1988-89



Total Increase: $127 million

Last year, fourteen government departments and agencies received budget reductions. This year, eleven will receive a decrease in funding. We have held down the growth in government operating and program costs for 1988-89 to 3.6 per cent, or $127 million, by reallocating monies through a careful ordering of priorities. I am proud to announce that 82 per cent, or $104 million, of this program spending increase is committed to health and education. Of the remaining $23 million, $10 million is directly attributable to increases for three important family programs: the Saskatchewan Pension Plan, the Saskatchewan Income Plan and the Mortgage Protection Plan.

Health

This Government will continue to ensure that the people of Saskatchewan enjoy the best health care system in the country. This is our number one priority. Mr. Speaker, because of our commitment over the past six years, health care expenditures have increased by $510 million, or 68 per cent. This is a record in which we take pride.

We have dedicated funding to an impressive array of new or rejuvenated health care facilities. Over the last six years, we have built over 1,700 special care home beds for our senior citizens. We have built or are building over 600 new acute care beds which can accommodate 26,000 additional patients per year.

In Saskatoon, a large new wing will soon be open at University Hospital and construction is underway to expand St. Paul's Hospital. We fully expect that these major projects will substantially reduce waiting lists in Saskatoon. We have taken other steps to address the waiting list problem. In 1987-88, we funded an additional 2,000 operations in Saskatoon. Last July, we opened a new Day Surgery Unit at City Hospital which has the capacity to perform 3,500 operations annually. As well, the Department of Health is now working with hospital administrators in Saskatoon to computerize their waiting lists to improve the efficiency of assigning beds.

Since coming to office, we have targeted $15 million to reduce hospital waiting lists. **Because of our efforts, the number of operations performed annually in Saskatoon has increased by 42 per cent since 1983.** People from all over Saskatchewan are increasingly using Saskatoon's hospitals and we are responding to that need.

In Regina, improvements to the General Hospital will continue with the opening of a new wing in April, and the first phase of the expanded Wascana Rehabilitation Centre will be completed early next Spring. **I am also pleased to announce, Mr. Speaker, that the construction of a new paediatric wing at the Pasqua Hospital will begin this year.**

This Government is committed to the maintenance and rejuvenation of our health care system. This year, budgetary spending on health will exceed $1.2 billion, an increase of $65 million, or 5.6 per cent. In addition, capital funding of $63 million will be provided for construction of health care facilities, including:

- **major renovation projects to upgrade hospitals in Davidson, Humboldt and Shaunavon, among others;**
- **a new 140 bed hospital in Estevan to replace St. Joseph's; and,**
- **new nursing homes in Elrose and Wadena and a 40 bed addition to the nursing home in Nipawin.**

Many smaller Saskatchewan communities have found that facilities which combine both long-term care and acute care beds under one administration and one physical structure provide the most efficient use of their resources. **This year, integrated facilities of this type are planned for the Union Hospitals in Cabri, Loon Lake and Montmartre.** Mr. Speaker, integrated facilities demonstrate that we can allocate resources more efficiently while maintaining quality health services in smaller communities.

Similarly, the Department of Health is engaged in discussions with representatives of St. Anthony's Nursing Home, Providence Hospital and the Moose Jaw Union Hospital to explore opportunities to coordinate and combine services among these three Moose Jaw institutions.

Mr. Speaker, in 1988-89, our hospitals will receive $33 million in new funds, an increase of 6.2 per cent. This will provide increased funding for existing operations and for the new beds now being added to the system.

But we have not concentrated solely on hospitals. Over the past five years, we have improved the quality of long-term care by adding 420 new staff positions in nursing homes at a cost of $10 million. In addition, $25 million and 800 staff positions have been provided for the operation of new and upgraded nursing home beds. In 1988-89, additional funding will be provided to further enhance the quality of care in our nursing homes.

We are also committed to assisting people who want to maintain their independence by remaining in their own homes. **This year, additional funding will be provided for home care services.** These monies will be targeted to areas in the Province where there is a high proportion of seniors or disabled persons.

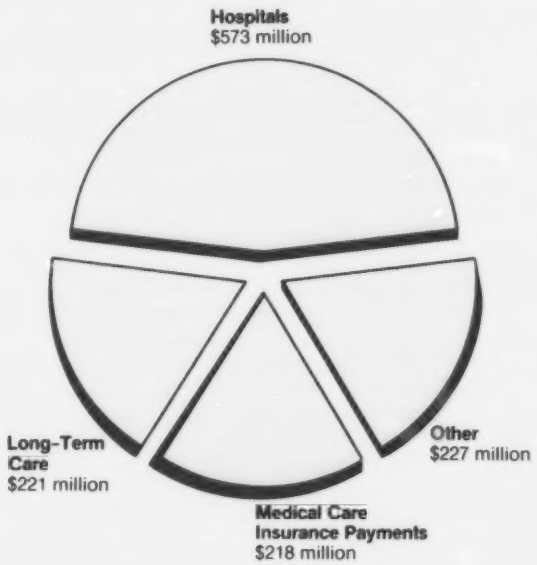
Saskatchewan is a leader in the provision of quality out-patient mental health services. But financial resources must be increased if services are to be maintained. Mr. Speaker, additional funding and new patient-care positions are allocated in this Budget for mental health services.

The people of Saskatchewan, particularly parents with young children, have expressed their support for our efforts to address the growing problem of substance abuse. The Saskatchewan Alcohol and Drug Abuse Commission is playing a key role in addressing this problem. This Budget will provide the Commission with over $15 million, a 16 per cent increase. **We have also begun the process of upgrading our drug and alcohol treatment facility in Saskatoon by relocating the Calder Centre program to the Frank Eliason Centre.** As well, Whitespruce, our innovative drug and alcohol youth treatment centre in Yorkton, will be allocated $3.4 million, an increase of 125 per cent.

Mr. Speaker, in the last three years, we have doubled funding to combat the serious problem of alcohol and drug abuse.

Recently, as part of our emphasis on preventive health care, we have increased grants by 54 per cent to the cities of Regina and Saskatoon for the provision of public health services. Today, I am also pleased to announce that we will undertake a public education campaign that will focus on healthy lifestyles and personal responsibility for good health. This is in addition to the funding that we have provided for an ongoing public information campaign on AIDS.

Health Expenditures: 1988-89



Total Expenditures: $1,239 million

Our health care system is extremely costly to maintain. Health care costs for a family of four are now almost $5,000. The average Saskatchewan family's provincial income taxes now cover only 65 per cent of this cost. In addition to current high costs, our health care system must be prepared to face the challenge of our future health care needs. Saskatchewan's senior population, for example, is expected to increase by 50 per cent over the next 20 years. This dramatic increase will result in additional funding pressures in the not-too-distant future.

Mr. Speaker, we cannot in good conscience simply ignore these increasing pressures. This would be both imprudent and irresponsible.

Every province in Canada is confronted by the challenge of adapting its health care system to the changing needs of its population while maintaining quality care in the face of higher costs. This Government has begun the process of reforming Saskatchewan's health care system to ensure that the quality services we have come to expect are maintained for the benefit of future generations.

We are determined to take the lead in meeting this important social challenge right now. But government cannot and should not do the job alone. We must call upon the skills of our health professionals, the experience of the various groups with an interest in the health care system, the expertise of researchers in the academic, medical and social service areas, and the understanding and participation of the people of Saskatchewan.

As announced in the Speech from the Throne, we are establishing the Saskatchewan Health Care Task Force to take up this challenge. The Task Force will ensure that the widest possible cross-section of Saskatchewan people have an opportunity to express their views on the changing needs of their health care system.

I urge everyone in the Province, social or religious leaders, government and opposition Members, workers, managers, farmers and health professionals, to become involved in the Task Force's discussions on the direction that our health care system should take into the next decade and beyond.

Families

Mr. Speaker, no institution is more important than the family. We recognize this fact.

- We introduced the Mortgage Protection Plan to protect families from high interest rates. This year, we are increasing funding to this Plan by over $4 million.
- We introduced the Senior Citizens' Heritage Program to recognize the contribution and sacrifices our seniors have made. In 1987, over 100,000 Saskatchewan seniors took advantage of this Program.
- We eliminated the sales tax on purchases of clothing and footwear at a cost of $47 million annually.
- We more than doubled day care expenditures in recognition of the needs of the growing number of working families.
- We created the Saskatchewan Pension Plan to enable our residents to save for their retirement. Over 40,000 Saskatchewan individuals, of whom 80 per cent are women, are enrolled in the Plan.
- We significantly enhanced and restructured the Saskatchewan Tax Reduction to provide tax relief to almost 350,000 lower and middle income individuals and families, including a special provision for single parents in recognition of the difficulties they face.

These initiatives are protecting and enhancing family life in our province.

Day Care

Saskatchewan families need quality day care services. In 1982, there were only 3,900 licensed day care spaces in Saskatchewan. Today, there are over 5,700 spaces. Mr. Speaker, demand for day care continues to grow in response to changing employment patterns. **This year, we will provide an additional $600,000 to improve the availability of day care to the working families of Saskatchewan.**

We are also examining initiatives to extend affordable day care to rural families and to families who have children with special needs. Over the course of this year, my colleague, the Minister of Social Services, will be announcing new initiatives in this area.

Seniors

Mr. Speaker, this Government recognizes the contributions made to Saskatchewan by our seniors. This Budget provides $40 million through the Senior Citizens' Heritage Grant Program which will benefit over 105,000 Saskatchewan seniors.

In last year's Budget, I introduced a $200 personal income tax reduction for seniors. This supplementary tax benefit will assist over 10,000 seniors this year.

Since 1982, this Government has increased the senior citizens' income supplement from $25 to $65 a month. **I am pleased to announce that we will increase the supplement by a further $15 per month, effective this November.** This will raise the maximum Saskatchewan Income Plan benefit to $80 per month for a single senior and $135 per month for a married couple. This initiative will provide many single seniors with nearly $1,000 and many married couples with over $1,600 annually to assist them in living with dignity and independence.

This benefit along with Old Age Security, the Guaranteed Income Supplement and the Senior Citizens' Heritage Grant will ensure a minimum income of nearly $10,000 per year for our seniors.

Mr. Speaker, a little more than a year ago, we created the **Saskatchewan Pension Plan** because many Saskatchewan residents previously did not have the opportunity to save for a more secure retirement. **In a short space of time, over 40,000 Saskatchewan homemakers, farmers, self-employed individuals and small business employees have enrolled in the Plan.** More than 1,200 members of the Plan are already receiving benefits and, this year, we will contribute $20 million in support of the Saskatchewan Pension Plan.

Family Support

Five years ago, this Government developed a long-term strategy to address family violence. We have stepped up enforcement of existing laws, improved the co-ordination of existing services and provided more family support services across the Province. This year, we will allocate almost $3 million to direct services to victims of family violence and to the rehabilitation of batterers. **This will include funding for a new safe home in the Swift Current area, the tenth such facility in our province.**

Mr. Speaker, foster families deal with special problems which require extra support. We will provide $625,000 to establish a new training program and a new payment schedule for foster parents, to reflect more accurately the important services they provide.

The Minister of Social Services will provide details of a new program called "Families Matter" which will encourage community agencies to develop innovative programs that promote positive parenting.

Welfare Reform

Mr. Speaker, when we took office in 1982, the welfare system offered little hope to the people it was supposed to help. It encouraged dependency and abuse.

In 1984, we began the process of Welfare Reform to provide training programs and work opportunities to those who are employable. Since that time, 8,500 welfare recipients, about one-third of them single parents, have successfully completed short-term, productive job placements. A further 11,000 social assistance recipients have enrolled in educational upgrading and skills training programs. More than half of these trainees have been single parents who have received special allowances to cover child care costs and other expenses related to their participation in the programs.

In this Budget, we will allocate $6 million for the Saskatchewan Skills Development Program to provide welfare recipients with marketable job skills. In addition, the Saskatchewan Employment Development Program will receive $11 million to enable welfare recipients to gain work experience and job placements. In total, more than 6,000 individuals will benefit from employment and training programs in the coming year.

Another component of our Welfare Reform initiative is the intensive on-the-job training provided by the New Careers Corporation. Almost 800 welfare recipients have participated in the Corporation's programs. It has made a lasting contribution to the people of Saskatchewan in the form of enhanced park facilities such as marinas, serviced campgrounds, access roads and beach landscaping. The Corporation has also

undertaken a major restoration of the eroded riverbank in Saskatoon for the Meewasin Valley Authority and has constructed a young offenders' facility in Moose Mountain Provincial Park.

The New Careers Corporation has received wide public acceptance because it successfully combines job experience and necessary educational upgrading into an 18 month career plan for its trainees. To date, 86 per cent of those trainees completing their career plan have found permanent employment - a record of successful partnership of which we can be proud. **In 1988-89, we will provide an additional $1 million to the New Careers Corporation.**

Mr. Speaker, in 1987, we introduced another innovative work-for-welfare initiative in conjunction with PAR Industries of Prince Albert. PAR has provided productive work experience in the forestry sector for 200 employable welfare clients. **Virtually all of the single employable welfare clients in Prince Albert are gainfully employed.**

In Regina, our Job Search Training Program has successfully helped welfare recipients develop job search and interview skills. We will expand this Program to other locations.

In La Loche, we are cooperating with the village council to train and employ local welfare recipients on a road construction project. This initiative will encourage further economic development in the north and demonstrates our commitment to use existing funds in a wiser, more effective manner.

Since we began to place a priority on educational upgrading, skills training and job placement for our employable welfare recipients, the number of single employables on welfare in Saskatchewan has declined by 20 per cent. Our investment in their future has paid off for them, for their families and for our society as a whole.

We are also concerned about the prospects of people who are part of the long-term welfare caseload. **This year, we will expand our Welfare Reform programs to include more heads of families who have been on welfare for longer periods of time.**

As part of Welfare Reform, an automated social assistance system is being introduced province-wide to provide improved service for clients. The system will also provide more rigorous financial controls to ensure that only those entitled to benefits receive them.

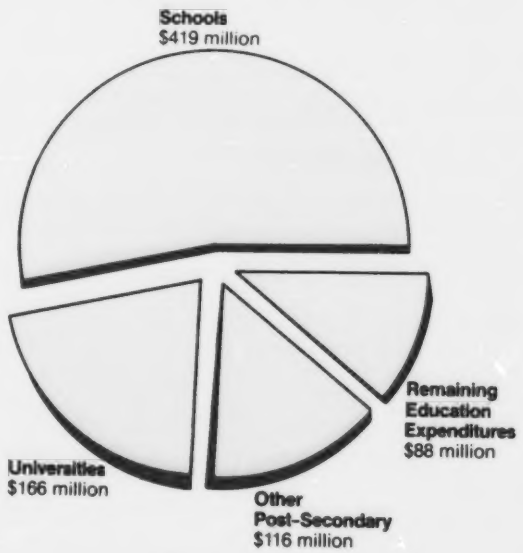
Mr. Speaker, the Welfare Reform initiatives undertaken by this Government have reduced social assistance costs by $65 million relative to the previous Government's system. We have reinvested those savings to provide training, skills upgrading and employment opportunities to people who need a second chance.

This Government will continue the process of Welfare Reform. **Mr. Speaker, Welfare Reform is working.**

Education

Education is one of the highest priorities of this Government. Since 1982, provincial government spending on education has increased by $259 million, or 48 per cent. We will maintain our commitment to excellence. We will launch several new initiatives and increase funding by $39 million, or 5.2 per cent.

Education Expenditures: 1988-89



Total Expenditures: $789 million

In Saskatchewan, there is a growing realization that as our economy diversifies we will become more dependent on our informational and intellectual resources.

Mr. Speaker, this is why we continue to dedicate substantial funds to maintaining and improving our education system. We must respond to the changing needs of our students who are facing an increasingly technological society. And we must utilize the new technologies to enhance life-long learning and to increase educational access for our rural residents and for our disadvantaged students.

Important steps have been taken to ensure that the people of this Province have access to an education system which meets their needs for today and for tomorrow. In the elementary and high school system, many of these initiatives stem from the recommendations of the "Directions" report on curriculum and instruction.

The basic recommendations include an emphasis on quality instruction, consistent standards for evaluating students, a renewed emphasis on basic skills, life-long learning and respect for the individual student. In 1985, we established the Education Development Fund to provide the assistance necessary to implement these recommendations. **Over the past three years, we have provided almost $50 million to school boards to improve library resources, to acquire computer technology and to introduce new programs for gifted and disadvantaged students.**

In 1988-89, a further $14.5 million will be provided to continue the upgrading of the programs and tools available to our young people.

The decision to implement the new core curriculum followed extensive consultation with parents, students, educators and people from business, labour and industry. Implementation will begin in September 1988 and will be phased in as new programs are prepared and as teachers and schools make arrangements to provide them.

Mr. Speaker, the core curriculum will place a stronger emphasis on basic learning and on key subject areas while maintaining flexibility for both teachers and local school boards. The time allotted for key subjects and the required areas of study will be standardized across the Province, a move which is supported widely by both parents and educators.

Successful implementation of the core curriculum will depend upon the efforts and skills of each teacher working with our students. **In recognition of the central role played by teachers, $1 million will be provided for in-service training to help teachers introduce the core curriculum.** As well, increased funding will be provided for special education programs to ensure that the benefits of this initiative are shared by all students.

Since 1982, this Government has increased funding to school divisions by over 56 per cent. **This year, we will provide $337 million in operating grants to school divisions, an increase of $7 million.** In addition, $31 million in capital assistance will be spent on the construction and renovation of schools.

Since my Budget Address of last year, this Government has launched a number of initiatives to ensure that the people of this Province have access to an education system which recognizes the changing demands of the workplace. Mr. Speaker:

- we reorganized rural community colleges into nine regional colleges to enhance the provision and delivery of skills training and university extension programs to rural residents;
- we amalgamated three community colleges to form the Northlands Career College to maximize the linkages between training and employment in the north;
- we took a national leadership role by establishing the $3.2 million Education Outreach Fund to address the problem of adult illiteracy and to expand the availability of university extension and institute courses to smaller centres; and,
- we amalgamated four technical institutes and four urban community colleges into the Saskatchewan Institute of Applied Science and Technology to develop areas of excellence and to focus on skills that are in demand.

In 1988-89, the Saskatchewan Institute of Applied Science and Technology will receive over $67 million.

Our efforts to provide more educational opportunities will continue. We will allocate new funding to develop training programs for disabled students to increase their access to mainstream educational programs.

Last Fall, we established the Saskatchewan Literacy Council to begin a three-year campaign to overcome illiteracy in our province. In the past three months, 700 adults have enrolled in literacy programs. As well, regional and northern libraries have received additional funding for literacy materials. Mr. Speaker, this Government is working with Saskatchewan people who recognize the importance of basic reading and writing skills.

The people of Saskatchewan have indicated that they need access to more courses as near as possible to where they live and work. We are answering that need through our new regional college network. Last year, regional colleges delivered over 170 courses to 2,100 students in 76 locations. This included the delivery of 18 new courses to students in 25 smaller centres across Saskatchewan.

Last year, our support for distance education using fibre optics and satellite systems provided for the delivery of 24 university extension courses in 19 communities. **This year, we will be working with the Saskatchewan Tele-Learning Association to expand the satellite network to ten new communities.** We are also working towards the development of a standardized first and second year university Arts and Science program to be delivered using distance education technologies.

Since 1982, operating grants to our universities have increased by almost 45 per cent. Over that period, provincial spending on university capital projects has totalled nearly $100 million. **In 1988-89, our universities will receive an additional $2.8 million in operating grants for a total commitment of $146 million. In addition, $25 million will be provided for capital projects.**

Mr. Speaker, it is not enough to make post-secondary and adult education available to the greatest possible number of Saskatchewan people. We are also sensitive to the need to improve financial accessibility. **In 1988-89, 12,300 students will receive over $24 million in subsidies.**

This Government is building a tradition of quality education in Saskatchewan. The new initiatives and funding support I have announced today will further ensure that our education system can provide our students with the necessary tools to build a more prosperous Saskatchewan way of life.

Fiscal Policy

In developing our 1988-89 fiscal strategy, we consulted with and listened to the people of Saskatchewan. They told us that we must adequately fund our health, education and essential family service programs.

Mr. Speaker, we have responded to these priorities.

Of the $127 million increase in program spending, $104 million, or 82 per cent, is directly attributable to health and education. We were able to hold down all other increases in program expenditures to $23 million, of which $10 million is directly attributable to increases to the Saskatchewan Pension Plan, the Saskatchewan Income Plan and the Mortgage Protection Plan.

However, because of the $65 million increase in health care program costs and the $39 million increase in educational program costs, we have had to introduce some moderate corporate and personal tax increases. Accordingly:

- effective July 1, large resource corporations liable under the Saskatchewan Corporation Capital Tax will be subject to a surcharge of 2 per cent on the value of their production;
- effective midnight tonight, the Tobacco Tax will be increased by one cent per cigarette, with similar increases for other tobacco products; and,
- effective January 1, 1988, the Saskatchewan Flat Tax will be increased from 1.5 per cent to 2.0 per cent of Net Income.

Tax withholdings from pay cheques will not be retroactive to January. This will avoid a one-time application of the Flat Tax increase in July. Further, this change will be implemented in conjunction with national tax reform so that over 95 per cent of Saskatchewan individuals and families will see an increase in their take-home pay commencing this July.

Relative to last year, these and other measures will increase corporate tax revenues by $40 million, personal income tax revenues by $22 million and tobacco tax revenues by $18 million. In total, this will raise $80 million of the $104 million in needed funding for the increases to our health and educational programs.

By holding government expenditures to a minimum, except in the key areas of health and education, and by introducing the offsetting revenue measures just announced, **the deficit for 1988-89 will be reduced by 42 per cent, to $328 million.** This represents a $240 million reduction from our 1987-88 actual deficit.

Personal and Corporate Tax Reform

Mr. Speaker, as Saskatchewan's personal income tax system is dependent on a federally defined tax base, any changes to the federal tax system will affect our own system. For example, since the federal reforms introduced this year will reduce federal revenues, there will be be an automatic reduction in Saskatchewan's personal income tax revenues of about $30 million annually. In addition, these reforms will also redistribute income tax liabilities among Saskatchewan's taxpayers.

Mr. Speaker, federal tax reform presents us with both a challenge and an opportunity. A challenge to ensure that the Saskatchewan vision of fairness and protection is reinforced. And an opportunity to undertake meaningful personal income tax reform in Saskatchewan to ensure that family life in our province is further supported and enhanced.

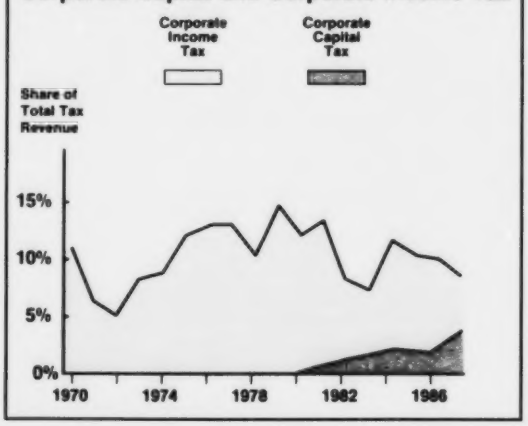
We propose to introduce reform measures for 1989 that will enable the Province to respond to the economic and social challenges facing our families over the next few years and beyond. **I am tabling a discussion paper entitled, "A Dialogue on Saskatchewan Income Tax Reform" with this Budget Address.**

The Paper discusses four alternatives for personal income tax reform in Saskatchewan. These alternatives represent a broad spectrum of choices and each blends the principles of fairness, support for the family, economic development, simplicity and harmony in a different manner. **For example, one alternative emphasizes support for the family such that a family of four earning $35,000 would save $760 in taxes. Another alternative emphasizes fairness through the use of a three-tier tax rate structure with enhanced support for federal credits.**

I invite all Members and the public to read this Paper which sets out, in some detail, alternative approaches to reform our personal income tax system.

Mr. Speaker, changes are also required to our corporate tax system. Saskatchewan's corporate tax rates are among the highest in Canada and the absence of a level playing field has created competitive imbalances in certain industries. As a consequence, our corporate tax revenues are an unstable source of government funding.

Corporate Capital and Corporate Income Tax



A competitive tax environment must be fostered to build the basis for economic diversification and to position us to take advantage of the new economic opportunities that the Free Trade Agreement will bring. As well, changes are needed to ensure that our tax base is not undermined by interprovincial corporations allocating income and capital to lower rate jurisdictions. I am, therefore, announcing the following changes:

- effective January 1, 1989, the general corporate income tax rate will be lowered from 17 per cent to 15 per cent, a level competitive with other provincial jurisdictions;
- effective July 1, 1988, federal commercial Crown corporations will be liable under the Corporation Capital Tax, as they are in Ontario, Quebec and Manitoba;
- effective January 1, 1989, the Manufacturing and Processing Tax Reduction will be repealed; and,
- the two-year small business tax holiday will be extended until March 31, 1990.

The details of these revenue measures are set out in a technical paper appended to this Budget Address.

Mr. Speaker, the concerns of the Saskatchewan small business community have not gone unheard as we have adjusted our corporate tax system. The local business tax currently generates $40 million annually of which almost 40 per cent is paid by the Regina business community. We propose to address the concerns of small businesses throughout the Province regarding this tax.

It is only fair that local governments which impose the business tax assist in reducing the burden on small business. In 1989, we will set aside up to $10 million of the revenues generated from the corporate tax changes to assist in this effort, subject to the following:

- local governments will be encouraged to match provincial assistance dollar-for-dollar;
- special recognition will be provided to communities which have already reduced or eliminated their business tax;
- local governments must not raise residential property taxes to provide funds for their matching assistance;
- transfer payments will not be increased to offset costs incurred by local governments; and,
- benefits will be targeted to small businesses.

This approach challenges local governments to reduce the business tax by cutting their expenditures. I would add that the Department of Public Participation is prepared to assist local governments in identifying the possible use of private sector delivery mechanisms to reduce costs.

Assuming local governments choose to take up our challenge, this initiative can result in a 50 per cent reduction in the business tax for small businesses.

Discussions will be undertaken with local governments and small business to determine the most appropriate mechanism to implement this proposal.

In summary, Mr. Speaker, the corporate tax package that I have just announced provides a solid basis for economic development and diversification. It also positions us to take advantage of the new economic opportunities that the Free Trade Agreement will bring.

Economic Development and Diversification

It is a priority of this Government to facilitate economic growth by working cooperatively with our partners in the Saskatchewan manufacturing, small business and resource sectors. Mr. Speaker, over the longer term, the new jobs and prosperity generated by ever-increasing levels of economic activity will ensure that we can continue to provide the funds necessary for our social programs, such as health and education.

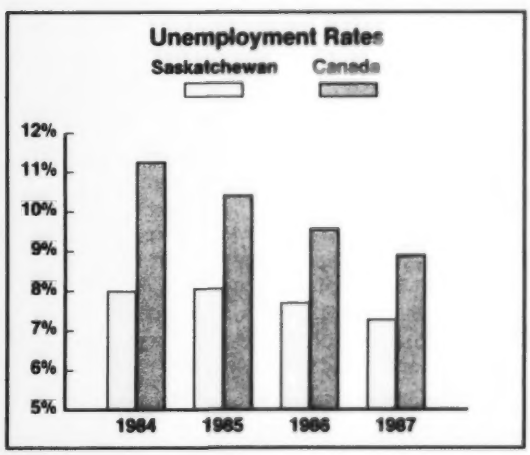
This is why we developed an economic diversification strategy. **We want to build not buy.** We want to implement new initiatives that will encourage the people of Saskatchewan to build on our natural advantages and invest in the future economic growth of our province.

Mr. Speaker, we want to improve the overall strength of our economy and thereby significantly enhance our quality of life.

In spite of the difficulties that our agricultural and resource sectors are currently experiencing, our economic strategy has produced some significant results. For example:

- new capital investment in Saskatchewan's manufacturing sector has increased dramatically from $91 million in 1984 to $510 million in 1987;
- the provincial unemployment rate has decreased from 8.0 per cent in 1984 to 7.3 per cent in 1987, which is the second lowest in Canada and well below the Canadian average; and,
- Saskatchewan's output in the service-producing and manufacturing sectors has increased by over 13 per cent from 1984 to 1986.

The development and diversification of the Saskatchewan economy is due, in large part, to the economic policies initiated by this Government. These policies have resulted in new jobs and a stronger, more mature Saskatchewan economy.



Manufacturing and Processing

In the manufacturing sector, we have encouraged economic development and diversification by selling PAPCO, the Crown corporation, and other assets to Weyerhaeuser Canada Limited for $248 million. Mr. Speaker, because of poor public sector management, this commercial Crown corporation was costing the taxpayers of this Province over $90,000 per day to operate. Weyerhaeuser turned this situation around. Production at the pulp mill increased by about 10 per cent in 1987.

Weyerhaeuser has spent $50 million on pulp mill improvements and their $200 million paper mill is under construction. The paper mill, when completed, will create over 200 permanent jobs and is providing additional employment and diversification opportunities for other Saskatchewan businesses. For example, about 80 per cent of construction employment and construction purchases are being obtained from within the Province. In addition, long-term industrial activity has also been generated. The $7 million Steel Brothers chemical plant now under construction at Prince Albert will provide production inputs to the paper mill.

The $745 million NewGrade heavy oil upgrader is yet another major project that illustrates our policy of building upon our rich natural resource base. In addition to creating 1,000 jobs in the oil industry, the project has acted as an economic catalyst. Over 250 local firms have been awarded contracts. These contracts have enabled many of them to diversify into new product lines suitable for other projects across the Province.

Vanguard Motor Homes is now employing approximately 160 people in North Battleford. The positive economic impact on the community is already noticeable. For example, Lift Systems International of North Battleford, Lancashire Saw and Unitex of Saskatoon are all now providing goods and services to Vanguard.

We in Saskatchewan, and indeed throughout Western Canada, have long sought to diversify away from our resource base and to increase the value-added component of our resource exports. As I have just demonstrated,

Saskatchewan has had some recent success in this area. However, a constraint we have constantly faced is the Canada-United States tariff schedules. These tariffs have impeded our ability to export value-added products to the United States and have raised the costs of material and equipment inputs to Saskatchewan industries.

The Free Trade Agreement will eliminate these tariffs, giving Canada preferential access to the world's largest and most affluent market. This will provide a stable framework for our industries to expand their existing operations and it will create new investment opportunities and encourage companies to locate here.

Mr. Speaker, this is why support for the Free Trade Agreement is one of the cornerstones of this Government's economic diversification strategy.

I am pleased to announce that an additional $1 million has been allocated to our Economic Diversification and Investment Fund to build on this strategy and strengthen Saskatchewan's trade development efforts.

The recent and impressive gains that we have made in developing our red meat processing industry will be enhanced by the Free Trade Agreement. Under the Agreement, the beef industry will be exempt from the United States meat import laws and tariffs. Tariffs on some pork products will be eliminated on January 1, 1989. Moreover, trade barriers resulting from technical regulations will be reduced and the United States will maintain an open border policy for meat inspections. These changes will permit easier access to the United States market for our red meat producers.

Agricultural Development

In spite of the benefits that our agricultural economy will derive from the Free Trade Agreement, depressed world grain prices continue to place many of our farmers in serious financial difficulty. Mr. Speaker, many of our farmers face difficulties in maintaining adequate cash flow to operate their farms and retire outstanding debt.

We will not back away from this issue.

We have reaffirmed our commitment to protect the family farm by extending the Counselling and Assistance for Farmers Program, by continuing the Farmland Security Board and by establishing an extended repayment option for the Production Loan Program.

In national and international forums, the Premier will continue to push for the elimination of subsidized over-production and predatory pricing in world grain markets. Recently, the Premier has again emphasized, in discussions with the Prime Minister, the importance of resolving these issues through an international process.

It is now evident that some modest recovery in grain prices has begun. We welcome this development, but we will continue our efforts to ensure that these early signs of recovery do not fade. We will continue to participate in the federal government's efforts in international forums to reduce American, European and Japanese farm subsidies.

Mr. Speaker, we applaud the federal government's actions to support Canadian agriculture for the 1987-88 crop year, through a $1.1 billion deficiency payment and a $330 million provision to write down farm debt. However, we will continue to press for ongoing federal support until other nations begin to eliminate their price support mechanisms.

The successful conclusion of the Free Trade Agreement will offer Saskatchewan agriculture new development and diversification opportunities. The Agreement will create new markets for our canola products and other agricultural commodities and processed goods. We will enhance our diversification activities to take advantage of these agricultural opportunities.

We are reaffirming our commitment to support the continued growth of Saskatchewan's red meat industry. We will pursue opportunities to further assist this industry in improving its competitive position both nationally and internationally.

In 1986, we made a commitment to increase Saskatchewan hog production. Our efforts to diversify the livestock industry have begun to show a significant return. Hog numbers have

increased by 10 per cent. And since 1986, the number of feeder associations has increased five-fold due to our Feeder Association Loan Guarantee Program. These associations have significantly increased the number of calves fed and marketed here in Saskatchewan.

I am pleased to report that our commitment to livestock diversification will be further enhanced with the introduction of a lending program that will increase the availability of credit to farm partnerships and farm corporations. The Agricultural Credit Corporation of Saskatchewan will operate this program in conjunction with our other existing credit programs for capital loans. **The new program will provide loans of up to $8 million per livestock operation at an interest rate of 9.75 per cent.** Eligible investments include livestock buildings, equipment and breeding stock.

This program will be of special interest to traditional grain farmers as it increases their opportunity to both diversify their production and take advantage of new markets opening up under the Free Trade Agreement.

Mr. Speaker, our agricultural lands represent one of our most valuable resources and soil conservation is a high priority with this Government. We have made a major commitment to develop innovative means to ensure the preservation of our land resource. **Over five years, we will be spending $15 million from the Agriculture Development Fund to provide opportunities in research and development for new farming techniques and alternative crop production to promote better soil management.** Recently, as a part of the Special Grains Program announcement, the federal government committed $75 million for federal-provincial soil conservation projects. It is our intention to take part in this new federal initiative through the development of a Saskatchewan-Canada soil and water conservation agreement.

We are also negotiating with the federal government to create a world class centre of excellence for agricultural research and technology at the University of Saskatchewan. If these discussions are successful, Saskatchewan can look forward to new diversification and development opportunities in the area of agricultural research and technology.

Rural and Small Business Development

This Government has provided our rural communities with the means to enhance and develop their economic base. In 1986, we announced funding to rural municipalities interested in establishing community development corporations for the purpose of identifying local economic development opportunities. Four corporations have now been established and fifteen others are in various stages leading to incorporation. In 1988-89, we will provide a total of $400,000 to support this exciting initiative.

Mr. Speaker, to ensure that our rural communities can develop new businesses and create jobs, it is essential that we upgrade our transportation infrastructure. **I am pleased to announce that we will implement a new, three-year, $30 million highway rehabilitation program. This new initiative is over and above the $100 million that we spend annually on capital improvements to our highways.** The first phase of this new program will include improvements to our highway system in all regions of our province, including:

- highway 17 north of Lloydminster in the north-west heavy oil area;
- highway 23 near Porcupine Plain in the eastern forestry area;
- highway 9 south of Carlyle, an important north-south thoroughfare for our tourism and potash industries; and,
- highway 11 between Prince Albert and Saskatoon, one of the Province's principal economic and tourist arteries.

Capital spending in 1988-89, including this highway construction program and other major projects such as hospitals, special care homes, and schools will total $430 million. When combined with Crown corporation spending, the Government's capital expenditures will total almost $1 billion this year. This capital program is expected to create 9,000 jobs.

Mr. Speaker, the small business sector is responsible for the majority of new jobs in the Province. There are many small businesses across this Province which have recently expanded and created jobs, such as Precision Service and Engineering in Prince Albert; 7 Oaks Manufacturing in Watson; B and D Plastics in Moose Jaw; Prairie Cab Sales in Runnymede; and Leon's Manufacturing in Yorkton. Our Buy Saskatchewan Program has supported this development. During 1987, the Buy Saskatchewan Agency assisted in securing more than $59 million in contracts for Saskatchewan firms resulting in the development of more than 40 new product lines.

We are helping small business in many other ways. We are providing funding for the establishment of an Entrepreneur Institute. The Institute will enable our small business sector to identify and develop new business opportunities. We introduced the Venture Capital Tax Credit Program to encourage public participation in the small business sector. Over $53 million has been invested in Saskatchewan small businesses by venture capital corporations and over 1,000 jobs have been created.

Today, I am pleased to announce a new program to assist small businesses in conducting feasibility studies for new equity issues. In addition, we will be restructuring the Venture Capital Program to ensure that it is more responsive to Government priorities as established on an annual basis.

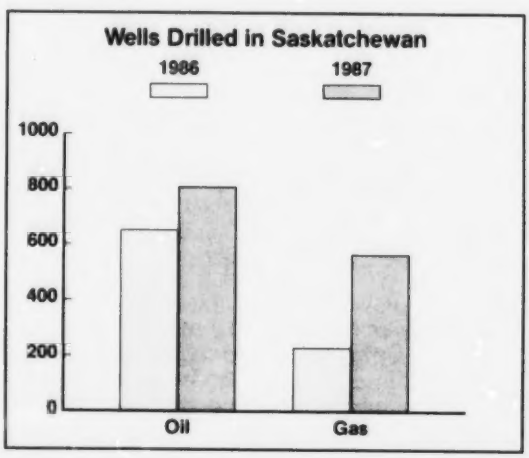
Mr. Speaker, the tourism industry is a key sector of our economy. New tourist initiatives such as the $23 million Saskatchewan Place in Saskatoon, the $35 million Saskatchewan Trade and Convention Centre complex in Regina and new resorts at Duck Mountain, Cypress Hills and Moose Mountain Provincial Parks demonstrate that the tourism industry is thriving in this Province. We will ensure that Saskatchewan develops its full potential as a tourist destination. **We will work with TISASK to further strengthen our tourism industry through joint initiatives, including the provision of $320,000 this year for the new Tourism and Hospitality Institute.**

When we came to office, we were also determined to encourage the growth of the Province's high technology sector. In 1982, there were less than 40 firms, with total annual sales of only $81 million. Today, there are approximately 170 high technology firms in Saskatchewan, with total annual sales of $400 million.

Mr. Speaker, the creation of Westbridge Computer Corporation, through a partnership involving two provincial Crown corporations and two private sector technology companies, now means that Saskatchewan has a fully integrated major Canadian computer company with its head office right here in Regina. This new company will create over 250 new jobs in the next few years and will provide new diversification opportunities for our high technology sector.

Resource Development

This Province's rich natural resource base provides many opportunities for the people of Saskatchewan. It has always been the policy of this Government to facilitate such development by ensuring that our natural resource commodities remain internationally competitive.



In January 1987, we responded to the uncertain world oil markets by restructuring the Province's oil royalty system. The oil industry has reacted positively to these changes despite continued low international prices for oil. In 1988-89, we will be initiating a new five-year, $23 million Heavy Oil Recovery Program. This Program will assist oil companies in carrying out enhanced oil recovery pilot projects. The Program will be funded in concert with the federal Western Diversification Fund.

In 1987, we accelerated natural gas development by deregulating the industry. Over the next five years, deregulation will be responsible for the creation of 600 additional jobs, the drilling of 1,100 extra wells, additional industry investment of $200 million and incremental royalties of $18 million.

Mr. Speaker, the oil and gas industry will be one of the major beneficiaries of the Free Trade Agreement. Its future development is now assured as Canada will be exempt, under the Agreement, from the threat of United States import fees or import restrictions based on national security grounds.

On September 1, 1987, we introduced The Potash Resources Act. Because of our actions, expected long-run price stability at higher prices will protect Saskatchewan jobs and result in a healthier Saskatchewan potash industry. The continued development of our offshore markets will also contribute to a more productive potash industry. For example, Canpotex offshore market sales increased by 18 per cent in 1987, to a record 4.2 million tonnes of potash. Further aggressive marketing in Asia will result in over 600,000 tonnes of potash being delivered to China over the next several months.

The recent development of a gold industry in Saskatchewan has focused international attention on the potential for new mineral discoveries in our north. With the assistance of this Government, through targeted geological surveys and tax incentives, exploration spending for gold and other precious metals almost tripled in 1987, to $48 million. More development is expected. Besides gold, northern Saskatchewan is believed to have potential in platinum.

Without the Free Trade Agreement, our uranium industry could have been subject to a United States ban on the importation of uranium ore. This would have had an immediate, negative impact on the uranium industry and on the economy of northern Saskatchewan. However, the Agreement will protect our uranium industry from this potential United States protectionist measure.

Mr. Speaker, the proposed merger of Eldorado Nuclear Limited with the Saskatchewan Mining Development Corporation is further good news for Saskatchewan's uranium industry. It will create the world's largest uranium mining and processing company, with its headquarters in Saskatoon. The Corporation will have a positive impact on our uranium industry and on the Saskatchewan economy. And it will, through public share offerings, give the people of Saskatchewan an opportunity to invest in a world class Saskatchewan enterprise.

Public Participation

Public participation in government enterprises can make a major contribution to economic development and diversification by providing government assets with new growth and expansion opportunities. This common sense approach will assist in the development of capital formation in this Province.

Many Saskatchewan people have now participated in the development and diversification of the provincial economy through the purchase of SaskPower and SaskOil securities. We expect increased participation as a result of the public share offerings in the Saskatchewan based uranium company and Westbridge, the Saskatchewan based computer corporation.

We will encourage every Saskatchewan resident to take advantage of these and other share offerings through such innovative incentives as the Stock Savings Plan and the Labour-sponsored Venture Capital Program.

Current Fiscal Situation

This Government is committed to improving the financial management of the public sector and reducing the deficit. Last year, we budgeted for a deficit of $577 million, a

reduction of 53 per cent from the 1986-87 actual deficit.

Mr. Speaker, we have met this objective.

The deficit for the 1987-88 fiscal year will be $568 million, $9 million under our budget target.

For 1988-89, we have carefully balanced expenditure priorities with increases in certain taxes. As a result, we will make another substantial reduction in the provincial deficit. The deficit for 1988-89 will be $328 million, a $240 million or 42 per cent reduction from the 1987-88 deficit.

Total government expenditures for 1988-89 are estimated at $3,936 million, an increase of 4.3 per cent over the 1987-88 budget estimate of $3,774 million. The revenue estimate for 1988-89 is $3,608 million, an increase of $411 million from the 1987-88 budget estimate.

Capital Financing Requirements

Mr. Speaker, the 1988-89 capital financing requirements are estimated to total $1,181 million of which $728 million will be for the purposes of Crown corporations and $453 million will be for Government purposes. Borrowing by the Province in 1988-89 is estimated to be $354 million less than last year. This represents a 23 per cent reduction from last year's borrowing requirements. We expect our borrowing requirements to continue to decline in the future in line with our deficit reduction strategy.

A well-run and prudent financing program is an important part of our overall financial management plan. We will continue to improve the Province's cash and debt management activities in order to minimize funding costs and exposure to uncertain and volatile capital markets.

Conclusion

This Budget reaffirms the Government's determination to hold to the fiscal and economic plan that I set out in my March 1987, Economic and Financial Report, and initiated in last year's Budget. It reflects the views of the people of Saskatchewan that health and education are the highest priorities.

Mr. Speaker, the actions and policies I have set forth today enable us to continue to work with the people of Saskatchewan to build the foundation for a better tomorrow. This Budget sets out a practical set of social and economic policies that allows us to look outwards to the world with the confidence that we will meet its challenges and seize its opportunities.

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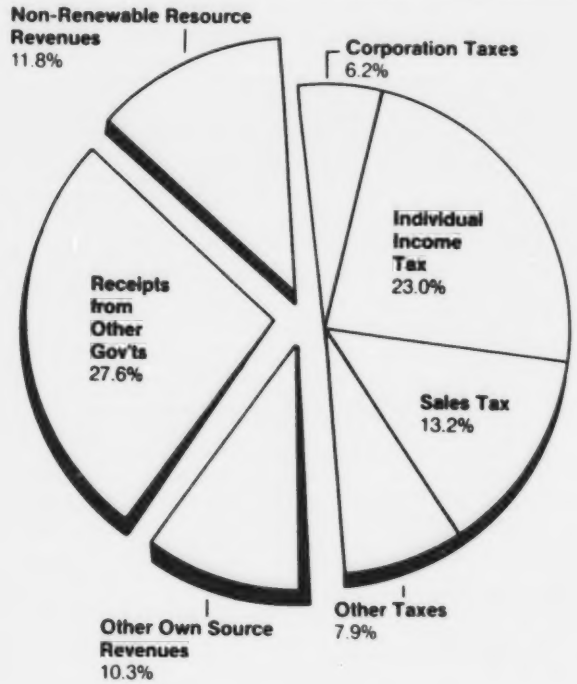
Province of Saskatchewan
Combined Funds
Statement of Financing and Changes in Financial Position
For the Year Ending March 31

	($ Thousands)		
	Estimated 1989	Estimated 1988	Actual 1987
Budgetary Transactions			
Revenue	**$ 3,607,683**	$ 3,196,919	$ 2,800,518
Expenditure	**3,935,896**	3,774,038	4,032,661
Excess of Revenue over Expenditure	**$ (328,213)**	$ (577,119)	$ (1,232,143)
Loan, Investment and Deposit Activity (Non-Budgetary)			
Receipts	**$ 519,763**	$ 700,813	$ 763,193
Disbursements	**861,474**	1,091,674	1,026,322
Excess of Receipts over Disbursements	**$ (341,711)**	$ (390,861)	$ (263,129)
Net Cash (Requirement)	**$ (669,924)**	$ (967,980)	$ (1,495,272)
Financing			
Public Borrowing:			
Proceeds from Debt	**$ 1,181,013**	$ 1,534,926	$ 1,760,981
Repayment of Debt	**623,871**	670,311	194,114
Increase in Public Borrowing	**$ 557,142**	$ 864,615	$ 1,566,867
Decrease (Increase) in Current Assets	**$ 112,782**	$ 103,365	$ (71,595)
Total Financing	**$ 669,924**	$ 967,980	$ 1,495,272

Note: The Combined Funds represent a combination of the Consolidated Fund and the Saskatchewan Heritage Fund. Transactions between the Funds, such as the Dividend from the Saskatchewan Heritage Fund to the Consolidated Fund, are eliminated to avoid double counting.

Province of Saskatchewan
Combined Funds
Estimated Budgetary Revenue

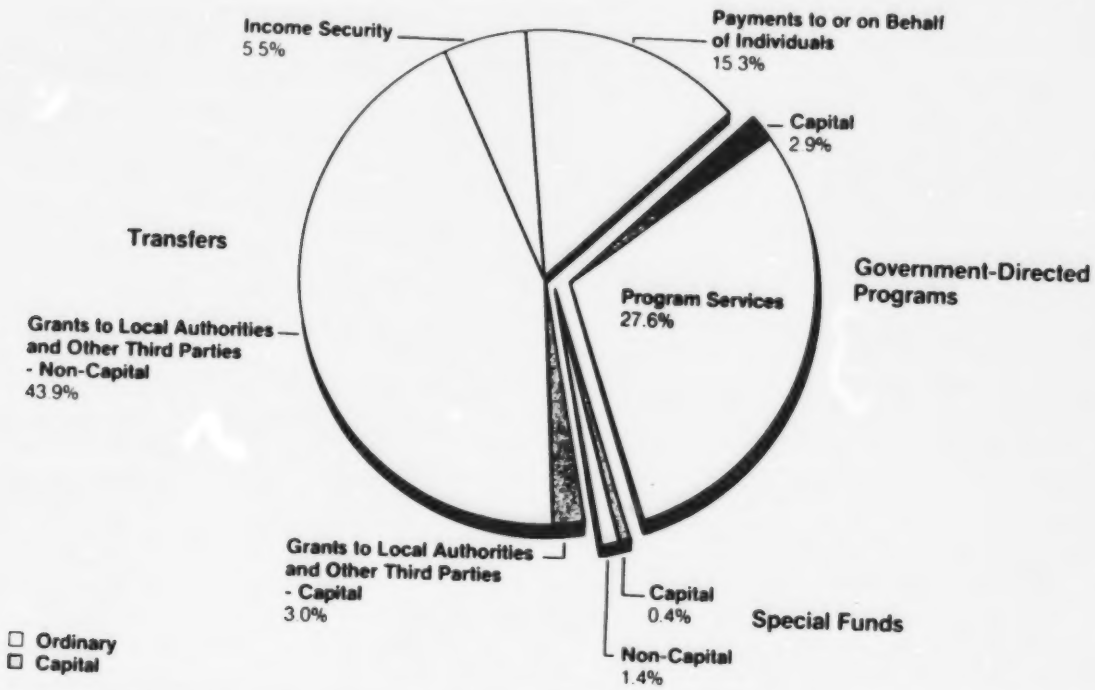
For the Year Ending March 31, 1989



	Amount	Percentage of Total Revenue
	($ Thousands)	
Provincial Taxes		
Corporation	$ 224,700	6.2%
Individual Income	830,517	23.0
Sales	475,900	13.2
Other Taxes	282,745	7.9
Total Provincial Taxes	$ 1,813,862	50.3%
Other Own Source Revenues	$ 373,213	10.3%
Receipts from Other Governments	$ 994,006	27.6%
Non-Renewable Resource Revenues	$ 426,602	11.8%
Total Estimated Budgetary Revenue	$ 3,607,683	100.0%

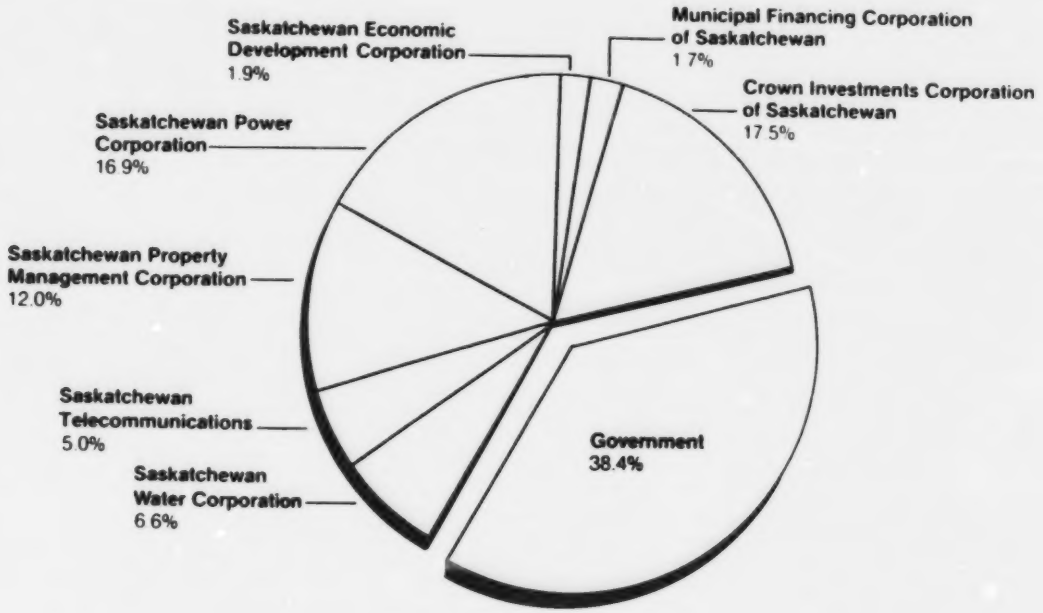
Province of Saskatchewan
Combined Funds
Estimated Budgetary Expenditure

For the Year Ending March 31, 1989



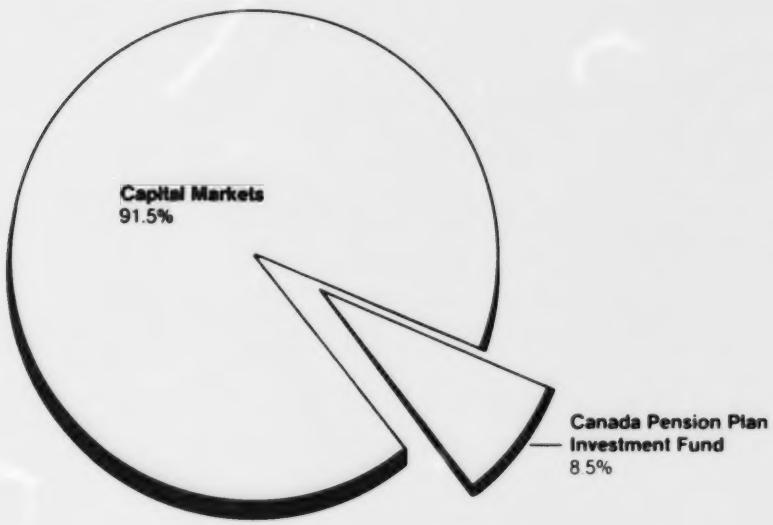
	Amount	Percentage of Total Expenditure
	($ Thousands)	
Transfers		
Grants to Local Authorities and Other Third Parties:		
Capital	$ 118,316	3.0%
Non-Capital	1,728,933	43.9
Income Security	217,501	5.5
Payments to or on Behalf of Individuals	600,678	15.3
Total Transfers	$ 2,665,428	67.7%
Government-Directed Programs		
Capital	$ 113,400	2.9%
Program Services	1,084,944	27.6
Total Government-Directed Programs	$ 1,198,344	30.5%
Special Funds		
Capital	$ 16,100	0.4%
Non-Capital	56,024	1.4
Total Special Funds	$ 72,124	1.8%
Total Estimated Budgetary Expenditure	$ 3,935,896	100.0%

Province of Saskatchewan
Capital Financing Requirements
Estimated Application of Gross Borrowing Requirement
For the Year Ending March 31, 1989


Saskatchewan Economic Development Corporation 1.9%
Municipal Financing Corporation of Saskatchewan 1.7%
Crown Investments Corporation of Saskatchewan 17.5%
Saskatchewan Power Corporation 16.9%
Saskatchewan Property Management Corporation 12.0%
Saskatchewan Telecommunications 5.0%
Saskatchewan Water Corporation 6.6%
Government 38.4%

	Amount	Percentage of Gross Borrowing Requirement
	($ Thousands)	
Crown Corporations		
Crown Investments Corporation of Saskatchewan	$ 207,300	17.5%
Municipal Financing Corporation of Saskatchewan	20,000	1.7
Saskatchewan Economic Development Corporation	22,300	1.9
Saskatchewan Power Corporation	200,000	16.9
Saskatchewan Property Management Corporation	141,700	12.0
Saskatchewan Telecommunications	59,000	5.0
Saskatchewan Water Corporation	77,500	6.6
Total Crown Corporations	$ 727,800	61.6%
Government		
Budgetary Deficit	$ 328,213	27.8%
Debt Repayment	125,000	10.6
Total Government	$ 453,213	38.4%
Total	$ 1,181,013	100.0%

Province of Saskatchewan
Capital Financing Requirements
Estimated Sources of Gross Borrowing Requirement
For the Year Ending March 31, 1989



	Amount	Percentage of Gross Borrowing Requirement
	($ Thousands)	
Canada Pension Plan Investment Fund	$ 100,000	8.5%
Capital Markets	1,081,013	91.5
Total	$ 1,181,013	100.0%

1988-89 Budget Detail

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Province of Saskatchewan
Combined Funds
Statement of Financial Position

As at March 31

	($ Thousands)		
	Estimated 1989	Estimated 1988	Actual 1987
Assets			
Current Assets	**$ 62,195**	$ 174,977	$ 278,342
Loans and Advances to Crown Corporations:			
Agricultural Credit Corporation of Saskatchewan	**906,843**	1,006,843	1,263,843
Crown Investments Corporation of Saskatchewan	**1,361,518**	1,369,218	649,084
Municipal Financing Corporation of Saskatchewan	**94,724**	74,724	54,724
Potash Corporation of Saskatchewan*	**- - -**	- - -	528,734
Saskatchewan Economic Development Corporation	**105,997**	83,697	50,647
Saskatchewan Grain Car Corporation	**43,216**	43,216	43,216
Saskatchewan Housing Corporation	**317,304**	317,304	317,304
Saskatchewan Mining Development Corporation	**467,954**	517,954	551,617
Saskatchewan Power Corporation	**2,564,671**	2,474,905	2,298,657
Saskatchewan Property Management Corporation	**269,841**	143,241	- - -
Saskatchewan Telecommunications	**848,738**	794,738	760,510
Saskatchewan Water Corporation	**79,537**	5,037	14,876
Other Loans	**279,737**	225,962	190,650
Investments in Crown Entities:			
Crown Investments Corporation of Saskatchewan	**247,559**	187,559	109,976
Potash Corporation of Saskatchewan	**418,554**	418,554	418,554
Saskatchewan Mining Development Corporation	**218,700**	218,700	218,700
Investment in Agricultural Land and Related Assets	**154,275**	155,925	157,175
Other Investments	**6,870**	6,870	6,870
Less: Crown Corporation Equity in Sinking Funds	**(429,998)**	(433,675)	(402,835)
Total Assets	**$ 8,018,235**	$ 7,785,749	$ 7,510,644

* Subsequent to March 31, 1987 the Potash Corporation of Saskatchewan repaid its loans to the Government of Saskatchewan using funds provided by the Crown Investments Corporation. The Government of Saskatchewan provided loans to the Crown Investments Corporation for this purpose.

Province of Saskatchewan
Combined Funds
Statement of Financial Position
As at March 31

	($ Thousands)		
	Estimated 1989	Estimated 1988	Actual 1987
Liabilities			
Promissory Notes	**$ 1,289,515**	$ 1,404,615	$ 1,762,615
Treasury Bills	**650,000**	650,000	650,000
Debentures	**9,289,412**	8,617,171	7,394,556
Gross Debt	**$ 11,228,927**	$ 10,671,786	$ 9,807,171 *
Less: Total Equity in Sinking Funds	**(439,378)**	(442,061)	(428,110)
	$ 10,789,549	$ 10,229,725	$ 9,379,061
Amounts Due to Other Crown Entities	**92,180**	92,180	92,180
Other Liabilities	**4,590**	4,590	4,590
Total Liabilities	**$ 10,886,319**	$ 10,326,495	$ 9,475,831
Province's Equity (Net Debt)	**$ (2,868,084)**	$ (2,540,746)	$ (1,965,187)
Total Liabilities and Province's Equity (Net Debt)	**$ 8,018,235**	$ 7,785,749	$ 7,510,644

* Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

Province of Saskatchewan
Combined Funds
Statement of Province's Equity (Net Debt)
For the Year Ending March 31

	($ Thousands)		
	Estimated 1989	Estimated 1988	Actual 1987
Total Budgetary Revenue	**$ 3,607,683**	$ 3,196,919	$ 2,800,518
Total Budgetary Expenditure	**3,935,896**	3,774,038	4,032,661
Excess of Budgetary Revenue over Budgetary Expenditure	**$ (328,213)**	$ (577,119)	$ (1,232,143)
Province's Equity (Net Debt), Beginning of Year	**(2,540,746)**	(1,965,187)	(666,051)
Equity Adjustments - Net	**875**	1,560	(66,993)
Province's Equity (Net Debt), End of Year	**$ (2,868,084)**	$ (2,540,746)	$ (1,965,187)

Province of Saskatchewan
Combined Funds
Statement of Budgetary Revenue

For the Year Ending March 31

	($ Thousands)		
	Estimated 1989	Estimated 1988	Actual 1987
Provincial Taxes			
Corporation Capital	**$ 90,800**	$ 51,900	$ 48,256
Corporation Income	**133,900**	130,000	118,801
Fuel	**148,000**	142,000	31,541
Individual Income	**830,517**	751,500	692,079
Sales	**475,900**	467,300	356,597
Tobacco	**99,100**	91,000	78,584
Other Taxes	**35,645**	32,945	29,297
Total Provincial Taxes	**$ 1,813,862**	$ 1,666,645	$ 1,355,155
Receipts from Government Enterprises And Other Funds			
Saskatchewan Liquor Board	**$ 150,000**	$ 122,500	$ 140,000
Other Receipts	**5,575**	4,942 *	6,680
Total Receipts from Government Enterprises and Other Funds	**$ 155,575**	$ 127,442	$ 146,680
Other Own Source Revenues			
Agricultural Lands Revenue	**$ 15,395**	$ 16,840	$ 17,500
Fines, Forfeits and Penalties	**9,360**	9,837	8,846
Interest, Premium, Discount and Exchange	**19,182**	20,450	20,259
Non-Renewable Resources			
- Coal	**13,731**	17,100	13.557
- Natural Gas	**23,367**	21,500	21,887
- Oil	**311,372**	309,300	212,926
- Potash	**50,048**	35,400	36,982
- Uranium	**23,815**	15,990	17,807
- Other	**4,269**	2,040	1,848
Privileges, Licences and Permits			
- Lands, Forests, Game, Fur, Fisheries and Water	**11,720**	13,145	10,970
- Motor Vehicles	**78,600**	73,500	61,255
- Other	**17,849**	10,137 *	9,883
Sales, Services and Service Fees	**46,548**	47,216 *	40,627
Other Revenues	**18,984**	23,690	24,871
Total Other Own Source Revenues	**$ 644,240**	$ 616,145	$ 499,218
Receipts from Other Governments			
Canada Assistance Plan	**$ 153,967**	$ 151,681	$ 160,548
Economic Development Agreements	**1,265**	1,279	1,457
Equalization Payments	**360,000**	185,000	145,665
Established Programs Financing	**427,600**	400,600	409,307
Statutory Subsidy	**2,200**	2,180	2,175
Other Federal-Provincial Programs	**40,514**	37,525 *	69,808
Other Receipts	**8,460**	8,422	10,505
Total Receipts from Other Governments	**$ 994,006**	$ 786,687	$ 799,465
Total Budgetary Revenue	**$ 3,607,683**	$ 3,196,919	$ 2,800,518

* Prior to the establishment of the Saskatchewan Institute of Applied Science and Technology, the Department of Education received certain revenues which in 1988-89 will flow directly to the Institute. For comparative purposes only, 1987-88 revenues of $5,589,000 have been offset against related 1987-88 expenditure transfers to the Institute.

Province of Saskatchewan
Combined Funds
Statement of Budgetary Expenditure
For the Year Ending March 31

($ Thousands)

	Estimated 1989	Estimated 1988*	Actual 1987*
Agriculture	$ 163,824	$ 171,414	$ 296,345
Consumer and Commercial Affairs	5,504	5,445	5,197
Economic Development and Tourism	14,543	13,874	15,491
Economic Diversification and Investment Fund	27,624	22,145	18,129
Education	788,986	750,290**	760,756
Energy and Mines	15,402	17,897	19,530
Environment and Public Safety	10,785	11,670	12,315
Executive Council	6,179	6,106	11,650
Finance	152,716	138,320	119,396
Finance – Servicing the Public Debt – Government Share	329,500	294,261	192,587
Health	1,239,122	1,173,881	1,165,290
Highways and Transportation	231,526	220,867	223,414
Human Resources, Labour and Employment	69,074	67,432	75,971
Indian and Native Affairs Secretariat	4,688	4,549	5,808
Justice	137,377	126,602	114,574
Legislation	10,323	10,153	10,110
The Local Government Board	716	714	713
Parks, Recreation and Culture	84,164	78,805	84,341
Provincial Auditor	2,891	3,231	3,504
Provincial Secretary	3,506	2,565	933
Public Participation	3,842	- - -	- - -
Public Service Commission	10,366	10,706	6,120
Rural Development	54,555	54,476	57,529
Saskatchewan Crop Insurance Corporation	9,826	9,931	17,155
Saskatchewan Housing Corporation	69,550	82,497	165,823
Saskatchewan Property Management Corporation	6,763	7,311	- - -
The Saskatchewan Research Council	6,042	6,443	4,081
Saskatchewan Water Corporation	12,565	12,978	27,367
Science and Technology	1,983	2,791	5,001
Social Services	364,646	365,376	360,401
Department of Telephones	569	559	463
Trade and Investment	7,349	6,572	6,845
Urban Affairs	89,390	94,177	106,144
Local Government Finance Commission	- - -	- - -	234
Supply and Services	- - -	- - -	139,444
Total Budgetary Expenditure	$ 3,935,896	$ 3,774,038	$ 4,032,661
Nature of Expenditure:			
Ordinary	$ 3,688,080	$ 3,532,215	$ 3,777,890
Capital	247,816	241,823	254,771
Total Budgetary Expenditure	$ 3,935,896	$ 3,774,038	$ 4,032,661

* The 1988 Estimated and 1987 Actual expenditures have been restated to reflect the reorganization of government on a comparative basis to the 1989 Estimates.

** Prior to the establishment of the Saskatchewan Institute of Applied Science and Technology, the Department of Education received certain revenues which in 1988-89 will flow directly to the Institute. For comparative purposes only, 1987-88 revenues of $5,589,000 have been offset against related 1987-88 expenditure transfers to the Institute.

Province of Saskatchewan
Combined Funds
Statement of Loan, Investment and Deposit Activity (Non-Budgetary)

For the Year Ending March 31

($ Thousands)

	Estimated 1989	Estimated 1988	Actual 1987
Receipts			
Loans			
Agricultural Credit Corporation of Saskatchewan	$ 100,000	$ 257,000	$ 110,045
Crown Investments Corporation of Saskatchewan	215,000	280,000	188,000
Potash Corporation of Saskatchewan	- - -	5,000	5,000
Saskatchewan Mining Development Corporation	50,000	77,663	- - -
Saskatchewan Power Corporation	110,234	29,752	174,826
Saskatchewan Property Management Corporation	15,100	---	---
Saskatchewan Telecommunications	5,000	772	13,283
Saskatchewan Water Corporation	3,000	9,839	- - -
Other	500	1,228	234,965
Total Loan Receipts	$ 498,834	$ 661,254	$ 726,119
Investments			
Recovery of Investment in Agricultural Land and Related Assets	$ 2,250	$ 1,850	$ 2,289
Other	- - -	- - -	3,787
Total Investment Receipts	$ 2,250	$ 1,850	$ 6,076
Deposits			
Sinking Fund	$ 18,679	$ 37,709	$ 19,682
Redemption of Sinking Funds	- - -	- - -	11,316
Total Deposit Receipts	$ 18,679	$ 37,709	$ 30,998
Total Receipts	$ 519,763	$ 700,813	$ 763,193

Province of Saskatchewan
Combined Funds
Statement of Loan, Investment and Deposit Activity (Non-Budgetary)

For the Year Ending March 31

	($ Thousands)		
	Estimated 1989	Estimated 1988	Actual 1987
Disbursements			
Loans			
Agricultural Credit Corporation of Saskatchewan	$ ---	$ ---	$ 158,400
Crown Investments Corporation of Saskatchewan	**207,300**	323,100	266,158
Municipal Financing Corporation of Saskatchewan	**20,000**	20,000	---
Potash Corporation of Saskatchewan	**---**	153,300	65,255
Saskatchewan Agricultural Returns Stabilization Fund	**18,900**	3,000	10,327
Saskatchewan Economic Development Corporation	**22,300**	33,050	26,000
Saskatchewan Mining Development Corporation	**---**	44,000	32,628
Saskatchewan Power Corporation	**200,000**	206,000	241,111
Saskatchewan Property Management Corporation	**141,700**	143,241	---
Saskatchewan Telecommunications	**59,000**	35,000	32,598
Saskatchewan Water Corporation	**77,500**	---	---
Other	**35,375**	33,540	137,339
Total Loan Disbursements	$ **782,075**	$ 994,231	$ 969,816
Investments			
Crown Investments Corporation of Saskatchewan	$ **60,000**	$ 77,583	$ ---
Investment in Agricultural Land and Related Assets	**600**	600	429
Other	**---**	---	300
Total Investment Disbursements	$ **60,600**	$ 78,183	$ 729
Deposits			
Crown Entities	$ **---**	$ ---	$ 34,891
Sinking Fund	**18,799**	19,260	20,238
Conditional Receipts	**---**	---	648
Total Deposit Disbursements	$ **18,799**	$ 19,260	$ 55,777
Total Disbursements	$ **861,474**	$ 1,091,674	$ 1,026,322
Excess of Receipts Over Disbursements	$ **(341,711)**	$ (390,861)	$ (263,129)

Province of Saskatchewan
Statement of Total Debt

As at March 31

	($ Thousands)		
	Estimated 1989	Estimated 1988	Actual 1987*
Promissory Notes (for the purpose of)			
Crown Corporations**	**$ 896,017**	$ 1,011,117	$ 1,368,117
Government of Saskatchewan	**393,498**	393,498	394,498
Total Promissory Notes	**$ 1,289,515**	$ 1,404,615	$ 1,762,615
Treasury Bills (for the purpose of)			
Government of Saskatchewan	**$ 650,000**	$ 650,000	$ 650,000
Total Treasury Bills	**$ 650,000**	$ 650,000	$ 650,000
Debentures (for the purpose of)			
Crown Corporations**	**$ 6,507,744**	$ 6,163,178	$ 5,503,513
Government of Saskatchewan	**2,588,606**	2,260,431	1,696,966
Other - Federal/Municipal***	**6,399**	6,899	7,399
- University of Saskatchewan	**2,227**	2,227	2,242
- Investment in Agricultural Land ****	**184,436**	184,436	184,436
Total Debentures	**$ 9,289,412**	$ 8,617,171	$ 7,394,556
Gross Debt	**$ 11,228,927**	$ 10,671,786	$ 9,807,171
Less: Equity in Sinking Funds (for the purpose of)			
Crown Corporations	**$ 429,998**	$ 433,675	$ 402,835
Government of Saskatchewan	**8,334**	7,467	24,464
Other - University of Saskatchewan	**1,046**	919	811
Total Equity in Sinking Funds	**$ 439,378**	$ 442,061	$ 428,110
	$ 10,789,549	$ 10,229,725	$ 9,379,061
Guaranteed Debt	**895,155**	795,155	551,226
Total Debt	**$ 11,684,704**	$ 11,024,880	$ 9,930,287

* Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

** These enterprises are responsible for the repayment of principal and interest.

*** These obligations represent monies loaned to the Province by the Federal government with the understanding that the monies would be re-loaned to Saskatchewan municipalities under identical conditions.

**** The assets and related liabilities of the former Saskatchewan Land Bank Commission were transferred to the Agricultural Division of the Saskatchewan Heritage Fund in 1983-84. Included in this transfer was $184,436,000 of debt which is recoverable from the sale of agricultural land.

Province of Saskatchewan
Statement of Gross Debt by Allocation
As at March 31

	($ Thousands)		
	Estimated 1989	Estimated 1988	Actual 1987*
Reimbursable Debt			
Crown Corporations:			
Agricultural Credit Corporation of Saskatchewan	**$ 906,843**	$ 1,006,843	$ 1,263,843
Crown Investments Corporation of Saskatchewan	**1,508,282**	1,515,982	745,848
Municipal Financing Corporation of Saskatchewan	**116,724**	96,724	76,724
Potash Corporation of Saskatchewan**	**- - -**	- - -	573,734
Saskatchewan Economic Development Corporation	**113,021**	90,721	57,671
Saskatchewan Government Printing Company	**2,100**	2,100	2,100
Saskatchewan Housing Corporation	**317,304**	317,304	317,304
Saskatchewan Mining Development Corporation	**474,654**	524,654	558,317
Saskatchewan Power Corporation	**2,582,224**	2,492,458	2,316,210
Saskatchewan Property Management Corporation	**451,834**	325,234	181,993
Saskatchewan Telecommunications	**848,738**	794,738	760,510
Saskatchewan Water Corporation	**82,037**	7,537	17,376
Total Crown Corporations	**$ 7,403,761**	$ 7,174,295	$ 6,871,630
Other:			
Federal/Municipal	**$ 6,399**	$ 6,899	$ 7,399
University of Saskatchewan	**2,227**	2,227	2,242
Investment in Agricultural Land***	**184,436**	184,436	184,436
Total Other	**$ 193,062**	$ 193,562	$ 194,077
Total Reimbursable Debt	**$ 7,596,823**	$ 7,367,857	$ 7,065,707
Non-Reimbursable Debt			
Government of Saskatchewan	**$ 3,632,104**	$ 3,303,929	$ 2,741,464
Gross Debt	**$ 11,228,927**	$ 10,671,786	$ 9,807,171

* Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

** Subsequent to March 31, 1987 the Potash Corporation of Saskatchewan repaid its loans to the Government of Saskatchewan using funds provided by the Crown Investments Corporation. The Government of Saskatchewan provided loans to the Crown Investments Corporation for this purpose.

*** The assets and related liabilities of the former Saskatchewan Land Bank Commission were transferred to the Agricultural Division of the Saskatchewan Heritage Fund in 1983-84. Included in this transfer was $184,436,000 of debt which is recoverable from the sale of agricultural land.

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Province of Saskatchewan
Summary of Economic Indicators

	1983	1984	1985	1986	1987*
Gross Domestic Product - Current Market Prices					
- Millions of Dollars	15,173	16,513	17,236	18,043	19,244
Annual Rate of Change - Percent	2.5	8.8	4.4	4.7	6.7
Per Capita - Dollars	15,337	16,504	17,093	17,861	18,978
Gross Domestic Product - Constant 1981 Dollars					
- Millions of Dollars	14,517	15,205	15,420	16,392	16,261
Annual Rate of Change - Percent	1.4	4.7	1.4	6.3	-0.8
Per Capita - 1981 Dollars	14,674	15,197	15,291	16,226	16,036
Personal Income					
- Millions of Dollars	12,218	13,012	14,441	15,867	16,072
Per Capita - Dollars	12,351	13,005	14,320	15,707	15,850
Farm Cash Receipts					
- Millions of Dollars	3,965	4,354	4,095	4,135	4,239
Value of Manufacturing Shipments					
- Millions of Dollars	2,619	2,845	2,867	2,916	3,070
Value of Retail Sales					
- Millions of Dollars	4,357	4,354	4,704	4,999	5,234
Value of Mineral Sales					
- Millions of Dollars	2,811	3,651	3,805	2,543	3,221
Private and Public Investment					
- Millions of Dollars	5,222	5,236	5,503	5,135	5,684
Housing Starts					
- Units	7,269	5,221	5,354	5,510	4,895
Consumer Price Index - Annual Percentage Change					
Regina	6.4	4.4	3.7	2.1	4.9
Saskatoon	6.3	3.5	3.5	4.1	4.9
Canada	5.8	4.4	4.0	4.1	4.4
Population and Labour Force - Thousands					
Population **	989	1,001	1,008	1,010	1,014
Labour Force ***	470	477	491	495	495
Employed Labour Force ***	436	439	452	457	458
Unemployed Labour Force ***	35	38	40	38	36
Unemployment Rate - Percent* **					
Saskatchewan	7.4	8.0	8.1	7.7	7.3
Canada	11.9	11.3	10.5	9.6	8.9

* Preliminary.
** As of June 1.
*** Annual averages.

Sources: Saskatchewan Bureau of Statistics.
Saskatchewan Energy and Mines.
Statistics Canada.

Personal Income, Saskatchewan

(Millions of Dollars)

	1983	1984	1985	1986	1987*
Wages, Salaries and Supplementary Labour Income**	6,669	7,190	7,544	7,978	8,309
Net Income Received by Farm Operators from Farm Production***	561	327	842	1,404	981
Net Income of Non-Farm Unincorporated Business	852	925	1,068	1,244	1,353
Interest, Dividends and Miscellaneous Investment Income	1,979	2,192	2,285	2,376	2,460
Current Transfers from Government, Corporations and Non-Residents	2,157	2,378	2,702	2,865	2,969
Total	12,218	13,012	14,441	15,867	16,072

* Preliminary.
** Includes military pay and allowances.
*** Includes adjustments to Gross Domestic Product basis.

Note: Calculated on the basis of Gross Domestic Product. Components may not add to totals due to rounding.
Source: Saskatchewan Bureau of Statistics.

Farm Cash Receipts, Saskatchewan

(Millions of Dollars)

	1983	1984	1985	1986	1987*
Wheat **	2,548	2,427	1,682	1,625	1,514
Barley **	275	205	195	271	169
Canola and Rapeseed	273	390	407	263	289
Other Crops	139	175	153	175	161
Total Crops	3,235	3,198	2,438	2,334	2,134
Cattle, including Calves	468	524	488	496	575
Hogs	78	98	96	108	113
Other Livestock and Livestock Products***	130	143	142	154	158
Total Livestock and Livestock Products	676	764	726	758	846
Advances, Deferments, Supplementary Payments and Other Cash Receipts****	54	392	931	1,043	1,260
Total Farm Cash Receipts	3,965	4,354	4,095	4,135	4,239

* Preliminary.
** Includes Canadian Wheat Board payments.
*** Includes sheep, lambs, dairy products, poultry, eggs and other livestock products.
**** Includes stabilization and insurance payments, net advances and deferments.

Note: Components may not add to totals due to rounding.
Source: Statistics Canada.

Value of Manufacturing Shipments, Saskatchewan

(Millions of Dollars)

	1983	1984	1985	1986	1987*
Food	817	956	987	988	1,050
Machinery	158	155	147	171	166
Non-Metallic Mineral Production	113	110	102	107	109
Other	1,531	1,623	1,630	1,650	1,745
Total	2,619	2,845	2,867	2,916	3,070

* Preliminary.

Note: Components may not add to totals due to rounding.
Source: Statistics Canada, *Inventories, Shipments and Orders in Manufacturing Industries.*

Private and Public Investment, Saskatchewan

(Millions of Dollars)

	1983	1984	1985	1986	1987*
Agriculture	1,082	1,089	922	826	836
Mining	944	1,017	1,253	696	667
Manufacturing	160	157	180	270	574
Utilities	992	886	983	961	871
Trade, Finance and Commercial Services	428	519	493	576	651
Housing	901	800	813	819	1,052
Institutions and Government Departments	605	661	744	861	898
Other	110	106	115	126	136
Total	5,222	5,236	5,503	5,135	5,684

* Preliminary.

Note: Components may not add to totals due to rounding.
Source: Statistics Canada, *Private and Public Investment in Canada.*

Value of Mineral Sales, Saskatchewan

(Millions of Dollars)

	1983	1984	1985	1986	1987*
Crude Oil	1,772	2,164	2,399	1,174	1,532
Potash	686	829	622	550	700
Uranium	121	354	456	457	637
Coal	73	98	86	83	92
Sodium Sulphate	39	34	30	30	22
Natural Gas	50	89	120	169	159
Other	70	83	92	80	79
Total	2,811	3,651	3,805	2,543	3,221

* Preliminary.

Note: Components may not add to totals due to rounding.
Source: Saskatchewan Energy and Mines.

Crude Oil Statistics, Saskatchewan

	1983	1984	1985	1986	1987*
Value of Land Sales - Millions of Dollars	108	124	149	18	60
Oil Field Expenditures - Millions of Dollars	443	741	1,023	317	585
Wells Drilled - Number **	1,843	2,970	3,851	1,079	1,602
Crude Oil Production - Millions of Cubic Metres					
Light Gravity	3.0	3.4	3.9	4.1	4.0
Medium Gravity	3.3	3.8	3.8	3.9	4.3
Heavy Gravity	3.2	3.6	3.9	3.7	3.7
Total	9.5	10.8	11.6	11.7	12.0

* Preliminary.
** Includes all drilling.

Note: Components may not add to totals due to rounding.
Source: Saskatchewan Energy and Mines.

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1988-89 Saskatchewan Tax Initiatives

General Description

The 1988-89 Saskatchewan Budget contains a number of tax changes which will affect individuals and corporations. This paper describes in more detail the tax changes announced in the Budget. As this paper is only a summary of the tax initiatives, the reader is advised to contact the department responsible or consult the amending legislation for more precise information.

Corporate Tax Changes

The federal government's income tax reform initiative, announced in the June 1987 White Paper, addressed a number of principles, including the need for a fairer, more neutral tax system which permits lower corporate and personal income tax rates. The federal reform of the Corporate Income Tax proposes the elimination of a number of investment incentives, with an offsetting reduction in Corporate Income Tax rates.

Saskatchewan is proposing to complement the federal reform with a series of provincial corporate tax changes that will affect both the Corporate Income Tax and the Corporation Capital Tax. These measures are based on the achievement of the following objectives:

- economic development and diversification;
- greater fairness and neutrality;
- support for small business;
- competitiveness of corporate tax rates; and,
- improved revenue capacity and stability.

Corporate Income Tax

Saskatchewan's Corporate Income Tax rates are currently among the highest in Canada. This has discouraged multi-jurisdictional corporations from expanding their economic activity in the province and has left Saskatchewan industry at a competitive disadvantage.

To correct this situation, the Government will lower the general Corporate Income Tax rate.

- Effective January 1, 1989, the general Corporate Income Tax rate will be lowered from 17% to 15%. This will make our general rate equal to the rates in effect in most other provinces.

  The 15% rate is fully applicable to taxation years beginning after December 31, 1988. For taxation years that straddle this date, the tax reduction will be prorated based on the number of days in the taxation year which follow December 31, 1988.

- The rate applicable on the first $200,000 of active business income of Canadian-controlled private corporations will remain at 10%.

The Government is also introducing other Corporate Income Tax changes.

- The Corporate Tax Holiday for New Small Business, which has been in effect since March 26, 1986, will be extended. Qualifying new small businesses, which incorporate in Saskatchewan prior to March 31, 1990, will be eligible for a provincial income tax holiday during their first two fiscal periods.

- Effective January 1, 1989, the Small Business Manufacturing and Processing Tax Reduction, which has assisted the manufacturing and processing sector in Saskatchewan since 1984, will be eliminated. For taxation years which straddle this date, the tax reduction will be prorated based on the number of days which precede January 1, 1989.

In total, the Corporate Income Tax changes will result in a reduction in revenues of $8.3 million in 1989-90.

For further information on the Corporate Income Tax changes, contact:

Saskatchewan Finance
Taxation and Economic Policy Division
6th Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-6729

Corporation Capital Tax

Saskatchewan's high corporate tax rates have impeded the flow of investment capital into Saskatchewan. They have also encouraged some large multi-jurisdictional corporations to allocate a greater share of both taxable income and capital to other jurisdictions. The combined effect has been to restrict the Province's ability to finance expenditure requirements in health and education.

To offset this revenue shortfall, the Province is introducing the following initiatives.

- Effective July 1, 1988, large resource corporations will be assessed a Corporation Capital Tax Surcharge equal to 2% of a corporation's value of Saskatchewan resource sales. For the purpose of determining the Surcharge, a corporation's value of Saskatchewan resource sales will be defined as follows:

  For oil - the well-head price multiplied by the volume of oil produced by a producer in Saskatchewan. The well-head price shall be the posted price less transportation from the well-head to the point at which the posted price is determined;

  For natural gas - the well-head price multiplied by the volume of gas produced by a producer in Saskatchewan. The well-head price shall be the contract price at the point of sale less the sum of the applicable cost of service factor and the applicable gas cost allowance;

  For potash - all amounts paid to the producer for the sale of potash produced in Saskatchewan. The price of potash shall be the price free on board the mine in sales to arm's length purchasers;

  For uranium - all amounts paid to the producer for uranium ore or uranium concentrate produced in Saskatchewan. The price of uranium shall be the contract price free on board the production unit; and,

  For coal - all amounts paid to the producer for the sale of coal produced in Saskatchewan. The price of coal shall be the contract price less transportation costs from the mine gate.

  In computing the Surcharge, resource corporations will be allowed to deduct their existing Corporation Capital Tax liability. For taxation years which straddle July 1, 1988, the Corporation Capital Tax to be deducted will be prorated based on the number of days in the taxation year which follow July 1, 1988.

  The current $10 million exemption from a corporation's paid-up capital will continue to apply in determining the application of the Surcharge. As a result, only the largest resource corporations will be subject to the Surcharge.

- Effective July 1, 1988, the Corporation Capital Tax will be expanded to apply to federal commercial Crown corporations and their subsidiaries, including:

  Air Canada;
  Canadian Broadcasting Corporation;
  Canadian National Railway Company;
  Eldorado Nuclear Limited;
  Farm Credit Corporation;
  Petro-Canada; and,
  VIA Rail Canada Inc.

These changes will result in additional revenues of $37.1 million in 1988-89 and $53.4 million in 1989-90.

Corporations subject to these changes will be expected to adjust their monthly instalment payments commencing in July, 1988.

For further information on the Corporation Capital Tax changes, contact:

Saskatchewan Finance
Revenue Division
3rd Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-6690

Personal Income Tax

Saskatchewan currently levies a Basic Saskatchewan Tax equal to 50% of Basic Federal Tax, a Flat Tax equal to 1.5% of Net Income and a Surtax equal to 12% of provincial tax in excess of $4,000.

The Province also reduces the provincial income tax of lower and middle income individuals and families through the application of the Saskatchewan Tax Reduction. As part of

the 1987-88 Saskatchewan Budget, the Reduction was significantly enhanced to provide greater tax savings to families.

In order to provide the necessary revenues to fund increases to health and education programs, effective January 1, 1988, the Flat Tax rate is increased from 1.5% to 2.0% of Net Income.

This tax change will result in additional revenues of $51.5 million for the 1988 taxation year.

This change in the Personal Income Tax will be reflected in the withholding tables commencing July 1, 1988. Its impact on the January to June period will be taken into account when filing the 1988 income tax return.

Saskatchewan Tax Incentives Program

The Saskatchewan Tax Incentives Program, first introduced in 1984, is designed to encourage Saskatchewan residents to invest in Saskatchewan farms and businesses. This program was significantly expanded through a number of changes in 1986, including:

- an expansion in the Venture Capital Tax Credit to encourage community-based development and agriculture;
- the introduction of the Stock Savings Tax Credit to strengthen the capital base of Saskatchewan businesses;
- the introduction of the Labour-sponsored Venture Capital Tax Credit to encourage the involvement of labour in the strengthening of Saskatchewan small and medium sized businesses;
- an extension of the Livestock Investment Tax Credit to continue the incentive to expand the provincial livestock industry; and,
- the introduction of the Livestock Facilities Tax Credit to encourage the development of a stronger capital infrastructure for livestock production.

Since its introduction, the Saskatchewan Tax Incentives Program has provided millions of dollars to assist in the development of Saskatchewan farms and businesses, while encouraging provincial residents to become directly involved in provincial economic development.

The expansion in the Saskatchewan Tax Incentives Program has required an increased emphasis on accountability to ensure an efficient allocation of government support. In order to maximize public accountability of the Saskatchewan Tax Incentives Program and to respond to the changing needs of Saskatchewan residents and the business community, an ongoing review of the program is essential.

A comprehensive review of the Saskatchewan Tax Incentives Program was conducted as part of this Budget.

- **Venture Capital Tax Credit** - This program offers a 30% tax credit on equity investments in manufacturing and processing, tourism, research and development, agriculture or community-based investment activities. The program has been successful in supporting targeted segments of Saskatchewan industry, with over $53 million invested to date.

  The Government is prepared to continue to support provincial industry through the Venture Capital Tax Credit. However, in order to ensure a precise alignment of program direction with the Government's priorities, an annual review will be undertaken to identify sectors of the provincial economy which the program will support and the extent to which funding will be provided.

  For 1988-89, the Province will limit the amount of assistance provided under this program to $5 million and will announce in the near future the allocation of those funds to the prescribed sectors.

- **Stock Savings Tax Credit** - This program offers a 30% tax credit as a means of encouraging provincial residents to invest in newly issued public shares of Saskatchewan-based corporations. The program has been used extensively in such areas as Saskatchewan's developing gold industry and by the Province in its public participation objectives. In total, over $80 million has been invested in Saskatchewan industry.

  This program has been well received by the public and has provided timely assistance to Saskatchewan businesses. The Government will continue the program in its present form, although it will be reviewed on an annual

basis to ensure that provincial objectives continue to be achieved.

- **Labour-sponsored Venture Capital Tax Credit** - This program offers a 20% tax credit to employees willing to invest in small and medium sized Saskatchewan-based corporations. The Government expects this program to be an effective mechanism in maintaining, protecting and creating employment, while strengthening the capital base of Saskatchewan businesses.

- **Livestock Investment Tax Credit** - This program offers a per unit tax credit ($25 per cow, $3 per hog and $2 per lamb) in order to encourage the raising of livestock in Saskatchewan. Game animals have recently been added as eligible livestock.

  The program has been successful in achieving its dual goals of increasing the finishing of Saskatchewan livestock within the Province and in attracting external capital to the livestock industry. For example, there has been a substantial increase in the share of Saskatchewan feeder cattle slaughtered in the province, with an offsetting decrease in exports of feeder cattle to other jurisdictions.

  This program will continue to support the livestock industry and no program changes are proposed in this Budget.

- **Livestock Facilities Tax Credit** - This program offers a 15% tax credit on all eligible livestock facilities. This includes all expansions and new developments used principally in the business of raising livestock. The program is effective in encouraging the development of the capital infrastructure required to support expansions in hog and cattle production.

  This program will continue to support capital formation in the livestock industry and no program changes are proposed in this Budget.

For further information on the Personal Income Tax changes, contact:

Saskatchewan Finance
Taxation and Economic Policy Division
6th Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-6729

Tobacco Tax

Effective midnight Budget night, the tax rates levied on tobacco products are increased.

- For cigarettes, the tax rate is increased from $1.17 to $1.42 per package of 25 cigarettes.

- For cut tobacco, the tax rate is increased from 1.9¢ to 2.3¢ per gram.

- For cigars, the tax rates are increased as follows:

Retail Value	Previous Rate	New Rate
20¢ or less	15¢ per cigar	16¢ per cigar
21¢ - 40¢	30¢ per cigar	32¢ per cigar
41¢ - 60¢	45¢ per cigar	48¢ per cigar
More than 60¢	75% of retail value	80% of retail value

These changes will result in additional revenues of $18.0 million in 1988-89.

For further information on the tobacco tax changes, contact:

Saskatchewan Finance
Revenue Division
3rd Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-4600

Resource Royalties

The Government proposes to reduce resource royalties and freehold production taxes by an amount equal to 1% of the value of Saskatchewan resource sales.

This reduction, when combined with the other corporate tax changes, will result in a lower provincial tax and royalty burden for many small and medium sized Saskatchewan-based resource firms. It will also provide a general stimulus to the development of the Province's resource sector.

This reduction will not apply to prescribed resource production, including production eligible for royalty-free status.

For further information on the resource royalty and freehold production tax changes, contact:

Saskatchewan Energy and Mines
Finance and Administration Division
13th Floor
1914 Hamilton Street
Regina, Saskatchewan
S4P 4V4

Telephone: (306) 787-3624

1988 Saskatchewan Tax Expenditures

The Government of Saskatchewan's commodity, income and capital tax systems have a number of provisions which are designed to achieve a variety of important social and economic objectives.

These provisions, which afford preferential or special treatment to specified individuals and corporations, are generally referred to as "tax expenditures". Tax expenditures can be in the form of exemptions, deductions, preferential tax rates, credits, deferrals or omissions. They provide assistance to a broad group of individuals and corporations including families, farmers, senior citizens and small businesses.

For the Personal Income Tax system, 1988 is a transition year. The federal tax reform initiative is lowering tax rates and converting many former deductions and exemptions into tax credits. Since Saskatchewan's income tax is based upon a federally defined tax base, any federal deductions from income and any federal tax credits that require provincial support will also continue to be tax expenditures in the Saskatchewan income tax system.

As part of the federal government's reform of the Personal Income Tax, the general employment expenses deduction and the interest and dividend income deduction have been removed from the tax system. Their removal and the general lowering of federal tax rates will have a significant effect on Saskatchewan tax expenditures.

The federal government's reform of the Corporate Income Tax also has implications for provincial tax expenditures. For example, the depletion allowance for mining assets is being phased out and the fast write-off for manufacturing and processing assets has been reduced.

In this Budget, Saskatchewan is also proposing changes to its corporate tax systems which will remove certain tax preferences in favour of a lower general Corporate Income Tax rate. The two-year small business corporate income tax holiday is extended to March 31, 1990.

Tax expenditures result in forgone or postponed revenue. Consequently, they have as significant an impact on the Province's budgetary position as a direct expenditure.

It is important to note that the effect of a series of tax expenditures cannot necessarily be obtained by adding together the revenue effects of the individual items. The inter-relationships inherent in the tax system, particularly the income tax system, are such that the combined effect of two or more expenditures may be more or less than the sum of the separate effects. For example, the overall tax expenditure for the Saskatchewan Tax Reduction is $51 million, whereas the tax expenditures for the components add to a total of $55.6 million.

The following tables are intended to inform the Legislative Assembly and the people of Saskatchewan about the major tax expenditures of benefit to Saskatchewan residents.

The tax expenditure estimates were calculated using tax collection data and Statistics Canada data. An income tax simulation model was employed for the individual income tax measures.

Government of Saskatchewan
1988 Tax Expenditure Accounts
(Value of Tax Expenditures in Millions of Dollars)

Sales Taxes

Exemptions	
1. Clothing, footwear and yard goods	$ 40.6
2. Children's clothing and footwear	6.4
3. Construction services	138.1
4. Drugs and medicines	12.6
5. Electricity — residences, farms and recreation facilities	10.5
6. Farm machinery and repair parts	39.4
7. Fertilizer, pesticide and seed	46.7
8. Food	121.4
9. Personal services	22.4
10. Reading materials	7.5
11. Services for repairs to personal property	21.0
12. Used goods	15.8
13. Natural gas	24.1

Fuel Tax

1. Exemption for farm activity	$ 59.5
2. Exemption for primary producers	0.7
3. Rebate to individuals	51.4
4. Exemption for heating fuels	11.7

Individual Income Tax

Deductions from Income	
1. Allowable employment expenses	$ 5.4
2. Annual union, professional or like dues	4.7
3. Registered Pension Plan contributions	18.0
4. Registered Retirement Savings Plan contributions	37.7
5. Moving expenses	1.1
6. Carrying charges	6.6
7. Child care expenses	0.9
8. Capital gains deduction	22.6
Personal Tax Credits	
1. Basic personal tax credit	$232.7
2. Spousal tax credit	32.0
3. Dependent children tax credit	7.6
4. Age tax credit	17.3
Other Tax Credits	
1. Canada Pension Plan contributions tax credit	$ 10.6
2. Unemployment Insurance premiums tax credit	12.0
3. Pension income tax credit	2.0
4. Charitable contributions tax credit	12.6
5. Medical expenses tax credit	1.5
6. Tuition and education tax credit	1.7

Provincial Tax Measures

1. Saskatchewan Tax Reduction	
- $200 sales tax reduction	$ 31.0
- $300 spousal tax reduction	7.9
- $200 per dependent child tax reduction	13.0
- $200 per senior citizen tax reduction	3.7
2. Saskatchewan Tax Incentives Program	
- Venture Capital Tax Credit	$ 5.0
- Livestock Investment Tax Credit	6.0
- Livestock Facilities Tax Credit	2.0
- Stock Savings Tax Credit	6.0
- Labour-sponsored Venture Capital Tax Credit	2.0

Corporation Income Tax

1. Lower tax rate for small business	$ 28.0
2. Small Business Manufacturing and Processing Tax Reduction	5.5
3. Tax holiday for new small business corporations	1.0
4. Saskatchewan Royalty Tax Rebate	7.0
5. Resource Allowance	38.4
6. Fast write-off for Canadian exploration and development expenses and depletion allowances	31.4
7. Fast write-off for mining and manufacturing and processing assets	10.9

Corporation Capital Tax

1. General exemption of $10,000,000	$ 22.3
2. Exploration and development expense allowance	9.0
3. Exemption for co-operatives, credit unions, family farm corporations and insurance companies	4.3

For further information on Saskatchewan's Tax Expenditures, contact:

Saskatchewan Finance
Taxation and Economic Policy Division
6th Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-6720

1988 Interprovincial Comparison of Personal Taxes and Charges

The following tables show the personal taxes and charges that a family of two adults and two children would pay across the country at income levels of $20,000, $40,000 and $60,000.

The interprovincial comparison that these tables present demonstrates that Saskatchewan maintains a favourable standing in relation to the other provinces for combined taxes and charges.

At the $20,000 and $40,000 income levels, the Saskatchewan family enjoys the second lowest personal taxes and charges in the country. At the $60,000 income level, Saskatchewan's taxes and charges are the third lowest in Canada.

Saskatchewan's favourable standing can be attributed to a combination of the lowest overall charges in the country for car insurance, telephone, home heating, and electricity expenses and lower than average provincial taxes. Saskatchewan does not impose health care premiums. The Province maintains a progressive income tax system and permits a wide variety of exemptions from the Education and Health Tax including food and prepared meals, labour charges, home heating, electricity expenses and most clothing purchases.

TABLE 1: For a Taxpayer with Total Income of $20,000 per annum

	British Columbia	Alberta	**Sask-atchewan**	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$ 652	$ 733	**$ 633**	$ 584	$ 633	$ 0	$ 734	$ 715	$ 696	$ 759
Tax Credits and Rebates	(380)	–	–	(555)	–	–	–	–	–	–
Health Premiums	504	432	–	–	714	–	–	–	–	–
Retail Sales Tax	248	–	**260**	439	402	423	524	477	385	695
Gasoline Tax	267	135	–	240	224	369	211	235	240	265
Total Taxes	$1,291	$1,300	**$ 893**	$ 708	$1,973	$ 792	$1,469	$1,427	$1,321	$1,719
Car Insurance	$ 881	$ 752	**$ 519**	$ 614	$1,098	$ 729	$ 771	$ 583	$ 588	$ 864
Telephone	175	111	**106**	104	158	146	136	157	151	143
Home Heating	687	525	**590**	697	948	1,150	1,352	1,208	1,323	1,311
Electricity	489	390	**512**	324	460	318	532	562	717	554
Total Charges	$2,232	$1,778	**$1,727**	$1,739	$2,664	$2,343	$2,791	$2,510	$2,779	$2,872
Total	**$3,523**	**$3,078**	**$2,620**	**$2,447**	**$4,637**	**$3,135**	**$4,260**	**$3,937**	**$4,100**	**$4,591**

TABLE 2: For a Taxpayer with Total Income of $40,000 per annum

	British Columbia	Alberta	**Sask-atchewan**	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$2,949	$3,063	**$3,663**	$3,842	$2,863	$3,564	$3,321	$3,235	$3,149	$3,436
Tax Credits and Rebates	(380)	–	–	(355)	–	–	–	–	–	–
Health Premiums	504	432	–	–	714	–	–	–	–	–
Retail Sales Tax	400	–	**399**	661	619	620	779	720	574	1,050
Gasoline Tax	267	135	–	240	224	369	211	235	240	265
Total Taxes	$3,740	$3,630	**$4,062**	$4,388	$4,420	$4,553	$4,311	$4,190	$3,963	$4,751
Car Insurance	$ 881	$ 752	**$ 519**	$ 614	$1,098	$ 729	$ 771	$ 583	$ 588	$ 864
Telephone	175	111	**106**	104	158	146	136	157	151	143
Home Heating	687	525	**590**	697	948	1,150	1,352	1,208	1,323	1,311
Electricity	489	390	**512**	324	460	318	532	562	717	554
Total Charges	$2,232	$1,778	**$1,727**	$1,739	$2,664	$2,343	$2,791	$2,510	$2,779	$2,872
Total	**$5,972**	**$5,408**	**$5,789**	**$6,127**	**$7,084**	**$6,896**	**$7,102**	**$6,700**	**$6,742**	**$7,623**

TABLE 3: For a Taxpayer with Total Income of $60,000 per annum

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
Provincial Income Tax	$5,704	$5,883	$7,067	$ 7,631	$5,554	$ 7,738	$ 6,424	$6,258	$6,092	$ 6,646
Tax Credits and Rebates	(380)	-	-	(325)	-	-	-	-	-	-
Health Premiums	504	432	-	-	714	-	-	-	-	-
Retail Sales Tax	528	-	551	858	797	816	1,048	955	767	1,378
Gasoline Tax	267	135	-	240	224	369	211	235	240	265
Total Taxes	$6,623	$6,450	$7,618	$ 8,404	$7,289	$ 8,923	$ 7,683	$7,448	$7,099	$ 8,289
Car Insurance	$ 881	$ 752	$ 519	$ 614	$1,098	$ 729	$ 771	$ 583	$ 588	$ 864
Telephone	175	111	106	104	158	146	136	157	151	143
Home Heating	687	525	590	697	948	1,150	1,352	1,208	1,323	1,311
Electricity	489	390	512	324	460	318	532	562	717	554
Total Charges	$2,232	$1,778	$1,727	$ 1,739	$2,664	$ 2,343	$ 2,791	$2,510	$2,779	$ 2,872
Total	**$8,855**	**$8,228**	**$9,345**	**$10,143**	**$9,953**	**$11,266**	**$10,474**	**$9,958**	**$9,878**	**$11,161**

NOTES:

The income taxes for each province are calculated using known changes for 1988. The 1988 federal tax reform measures have been included in the calculations. The tables are based upon a taxpayer claiming a spouse and two children (one child aged 6 or under and one child aged 12–15). Total income includes earned income and family allowance payments (at 1988 rates). Earned income in Quebec and Alberta has been adjusted to compensate for the different family allowance payments in those provinces. In addition to personal exemptions, CPP/QPP and UI contributions calculated at 1988 rates are deducted in computing tax. Gross Quebec personal income tax has been reduced by 16.5% of basic federal tax in respect of contracting out of certain federal-provincial programs. Provision is made in the calculation for provincial tax reductions, where applicable.

Tax credits and rebates refer to refundable provincial income tax credits and rebates designed to reduce the burden of property taxes, retail sales tax and provincial income tax. The taxpayer is assumed to own a home upon which $1,000 in property taxes are paid in 1988.

Health premiums are annual family premiums for hospital insurance and medical services. No provision is made for employer subsidization of these premiums.

Retail sales tax is based upon average expenditures for a Prairie family of four at the identified gross family income levels from **Survey of Family Expenditures in 1982** (Statistics Canada micro data file). The expenditures have been adjusted to reflect Saskatchewan consumption patterns. The sales tax base in each province was identified from the various provincial Acts. On this basis, estimates of total taxable family expenditures in each province were prepared.

Gasoline tax is based on an annual consumption of 2,700 litres of regular leaded gasoline.

The following cities were surveyed for the remaining charges: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal, Saint John, Halifax, Charlottetown and St. John's. All rates are as at March 1988 unless otherwise indicated.

Car insurance is based upon the rate for a married male, over 30 years of age, driving a 1985 Chevrolet Caprice Classic. Coverage includes $500,000 third party liability, $250 deductible collision (Saskatchewan $200) and $50 deductible comprehensive (Manitoba $250).

The telephone charge is for the main phone in an individual residence. Rates include applicable municipal taxes and charges but do not include provincial retail sales tax.

Home heating charges assume an annual consumption of 150 mcf of natural gas. For the Atlantic Provinces, the figures represent the BTU equivalent consumption of fuel oil. Rates include applicable municipal taxes and surcharges but do not include provincial retail sales tax.

Charges for electricity are based on annual consumption of 7,200 kW.h. Rates include applicable municipal taxes and surcharges but do not include provincial retail sales tax.